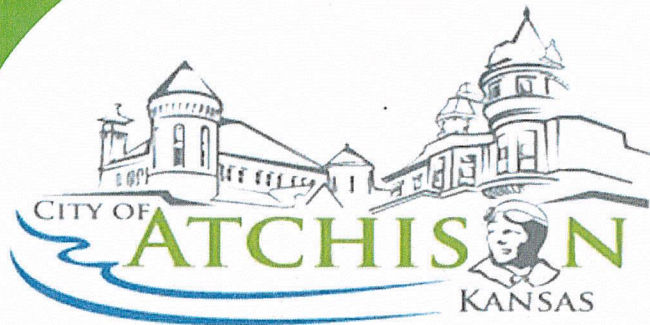


CITY OF ATCHISON, KANSAS



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year ended December 31, 2015

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

CITY OF ATCHISON, KANSAS

For the Fiscal Year Ended

December 31, 2015

Prepared by:

FINANCE DEPARTMENT

City of Atchison, Kansas

CITY OF ATCHISON, KANSAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended December 31, 2015

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

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Introductory Section

2015



June 16, 2016

The Honorable Mayor, Members of the City Commission, and Citizens of the City of Atchison:

It is our pleasure to submit the Comprehensive Annual Financial Report (CAFR) of the City of Atchison (City) for the fiscal year ended December 31, 2015. Responsibility for the accuracy of the data, and the completeness and fairness of the presentation, including disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations for the various activities of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The CAFR is prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of management's discussion and analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the Independent Auditor's Report.

State law requires that every general-purpose local government publish a complete set of audited financial statements after the close of the fiscal year. This report is published to fulfill that requirement for the fiscal year ended December 31, 2015. Berberich Trahan & Co. P.A., has issued an unmodified opinion on the City's financial statements for the year ended December 31, 2015.

Profile of the Government

The City is the primary unit of government and was incorporated in 1858. It is located in the northeastern part of the state approximately 35 miles from the Kansas City International Airport. It currently occupies 6.9 square miles and serves a population of 10,712. The City is empowered to levy a property tax on both real and personal property within its boundaries and to extend the city limits by annexation, which it has done from time to time.

The City operates under the commission-manager form of government. Policymaking and legislative authority are vested in a governing commission consisting of the mayor and four other members, all elected on a non-partisan basis. The Commission appoints

The City provides a full range of services, including police and fire protection; the construction and maintenance of highways, streets and other infrastructure; and recreational and cultural activities. Sanitation, water and wastewater services are also provided and are included as an integral part of the City's financial statements.

The City is also financially accountable for a legally separate library which is reported on separately within the City's financial statements. Additional information on this entity can be found in Note 1 of the financial statements.

Local economy

In its early history, Atchison was an important supply center for settling the West, and continues to enjoy a strong commercial base today. Major industries located within the City's boundaries, or in close proximity, include manufacturers of food and mill ingredients, distillery products, steel pipelines, concrete poles, steel castings, dust and wet mops, electrical wiring harnesses and rail anchors.

Other economic presences include the headquarters of a publicly traded company, a full-service hospital, a four-year accredited college, a vocational school, international suppliers of leather and textile products, wholesale hardware and more.

The economic downturn of 2009 had a negative impact on Atchison's unemployment rate but the rate has declined in recent years. At the end of December unemployment was 5.2%, compared to 6.5% at the end of 2014. This is the lowest unemployment rate for Atchison since 2009. The most recent unemployment figure for Atchison is 4.8%.

Specialty retail shops and the tourism industry have contributed to the local economy in the past ten years. Sales tax collections strengthened in 2014, but increased by only 1% in 2015. Even with this slight improvement collections are still below 2012 sales tax receipts. The City's one-cent sales tax, along with its share of the County's one-cent sales tax, have risen 4.9% from \$2,464,563 in 2005 to \$2,586,032 in 2015.

Relevant financial policies

Budgeting -The Commission is required by Statute to adopt a final budget by August 25th of each year. The annual budget is the foundation for the City's financial planning and control. The budget is prepared by fund, and by department (e.g., police). The City's budget is prepared on a modified accrual basis further modified by an encumbrance system of accounting as required by applicable state statutes. The city manager presents recommendations for the budget to the Mayor and Commission members for their review. A series of public meetings are held by commissioners to review alternative spending proposals. After soliciting public input, the Commission adopts the budget. The budget is controlled through an accounting system to ensure effective fiscal management and accountability.

Capital Spending - The City prepares a five-year spending plan for replacing its equipment. The City also maintains a five-year capital improvement (CIP) plan for maintaining and making betterments to infrastructure. Both plans are updated annually and approved by the governing body. Equipment replacements are funded by transfers from other funds, primarily the general fund, in addition to long-term leases for major equipment purchases. Capital improvements are funded through transfers from other funds, intergovernmental grants and revenues and general obligation bonds. The funding of equipment replacement and infrastructure maintenance can be designed to provide a stable and sustainable program that minimizes future cost, or the funding of

these capital expenses can be deferred in the short term in order minimize current expenses. The City's spending decisions have been leaning toward the latter option.

Debt Service - The City's debt service is funded by property taxes and includes a 12-mill levy limit established by Ordinance. Debt management policies established by the Commission include a general obligation bond per capita limit of \$500, an overall debt limit of 10 percent of assessed value, and a debt-service limit of 10 percent of governmental fund expenses. These policies are specific to general obligation debt related to governmental activities, not any debt related to business type funds as that debt is meant to be repaid with revenues generated by those funds. The Commission reviews debt policy limits annually during the budget process. For 2015 the debt per capita amount of \$601 is over the commission imposed limit. Prior to the issuance of the bonds for the Event Center renovation project the Commission was made aware that the issue would push the per capita debt over the limit and the Commission opted to move forward with the project.

Internal Controls - Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Investing – The City determines idle cash available for investing for selected time frames, and solicits bids from local banks for certificates of deposit. Local banks are required to match the rate established by the State Municipal Investment Pool, or the money is invested in the state pool. At this time the city does not have any idle cash invested.

Risk Management – The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. All potential claims, and/or liabilities are reported immediately when it becomes evident that a loss has occurred or a claim may be made.

The City has addressed the potential risk by purchasing various commercial insurance policies for certain insurable causes of loss. These policies cover liability, employee dishonesty, public official's liability, property damage to buildings, contents and other personal property. Losses due to earthquakes and terrorism have been excluded. The City established an insurance reserve fund in order to fund the deductible portion of losses. The balance at the end of 2015 was \$163,480.

Spending Limits - The state limits annual spending in each fund to the amount budgeted. Prior to spending an amount in excess of the budgeted amount, the City must hold a public hearing with notice published a minimum of 10 days in advance.

Major initiatives

In November of 2011, the City reached an agreement on a consent order with the Kansas Department of Health and Environment (KDHE) to address run-off sewer discharge, a byproduct of the City's combined storm/sewer system. The agreement provides a reasonable plan of action that promotes environmental health without unduly burdening the taxpayers of Atchison.

Since that time, the City has made substantial progress addressing the initiatives set forth by the agreement. In 2014, preliminary design began on a "Store and Treat Project" to bring the 11th & 14th Street Combined Sewer Overflows (CSO) into compliance. Preliminary design of this project was

completed and engineers believe it can be accomplished at approximately one tenth of the cost that was originally estimated for a separation project.

A second initiative to address the City's CSO issues is well underway and expected to be complete in late 2016. This project, which automates the City's flood control gates, is specifically required by the City's consent order with KDHE. This project is being funded through the State Revolving Loan Fund.

The City has also implemented a CSO fee to begin addressing the revenue requirements of the consent order. The CSO fee is a flat charge for all residential customers, and it is usage based for commercial and industrial customers. Additional rate increases will still be needed to achieve the \$3.1 million in annual revenue required in 2017, but the new CSO fee brings the City much closer to achieving this objective.

In 2015, a major project was underway at the City's water treatment plant that is expected to dramatically improve the quality, taste, and odor of the City's water. It is an Ozone disinfection byproducts system and it is expected to be fully complete and operational this year. In early 2015, the City began design work on filter improvements at the Water Treatment Plant. This is the final phase in completing the Ozone system improvements. These projects, in addition to the two million gallon storage tank project that was completed in 2014, will greatly improve the quality and reliability of the City's water system.

The City also recently reshaped its solid waste collection services through the use of automated trash trucks, uniform trash carts and the addition of single stream curbside recycling service. The trash carts were piloted in 2013, rolled out in 2014, and full automation of trash service was implemented in December 2014. Single stream recycling was added in early 2015 and the system has been operating smoothly with more customers voluntarily participating than was initially anticipated.

After completing a renovation to the Atchison Event Center (formerly the Atchison Heritage Conference Center), in late 2014, the City came to an agreement with AHCC, Inc., the body responsible for operation and management of the facility, to assume full responsibility for the Center. After taking over operation of the facility, the City hired the AHCC staff and began implementing a plan to improve the facility's usage. In 2015, the City changed its name from the Atchison Heritage Conference Center to the Atchison Event Center.

In addition to the organizational changes undertaken at the Event Center, the City also chose not to fill a department director position in order to achieve budget savings. In February 2015, the Community Development Director resigned. The position was left vacant and the duties were distributed to two other department directors and the City Manager. Economic development became the joint responsibility of the City Manager, Finance Director/Asst. City Manager, and Public Works and Utilities Director. Code enforcement and the general administration of the department are overseen by the Finance Director/Asst. City Manager, outside of planning and zoning duties which are under the Public Works and Utilities Director. Management of the Atchison Event Center is also split between these two department directors, with the Finance Director/Asst. City Manager overseeing the facilities operations and the Public Works and Utilities Director responsible for the building's maintenance.

Other noteworthy initiatives from 2015 include a renovation to the Public Works Shop and the construction of a vehicle garage to house the City's trash and recycling trucks and the Chamber of Commerce's large vehicles. The Chamber reimbursed the City for their portion of the project. A major repair was made to the 6th Street viaduct in 2015, an ADA-compliant family style restroom

was added at Lions Pool, the Fetch and Stretch Dog Park was constructed, wayfinding signs were purchased and installed, and several repairs were made to sidewalks and the City's brick streets.

Several improvements were made to the City's sewer system in 2015, including the installation of a new mechanical bar at the influent channel and rebuilding of the pista grit pumps at the Wastewater Treatment Plant, the replacement of the auger system at North Headworks, and a major storm sewer repair in the area of 19th and Main streets. In 2015, the City also began design work on a project to create a bicycle and pedestrian trail from the intersection of highways 73 and 59 to the Atchison Hospital. This approximately \$1.5 million project is 80% funded through a Kansas Department of Transportation grant and it is expected to be completed in late 2016. The City also replaced a set of T-hangars at the Amelia Earhart Airport that were destroyed by a windstorm in 2015. The hangars were funded by insurance proceeds and a lease-purchase agreement that was finalized in early 2016.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2014. This was the nineteenth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the finance department. We wish to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the Mayor and the City Commission for their unfailing support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,



Becky Anderson
Finance Director/Asst. City Manager



Trey Cocking
City Manager



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

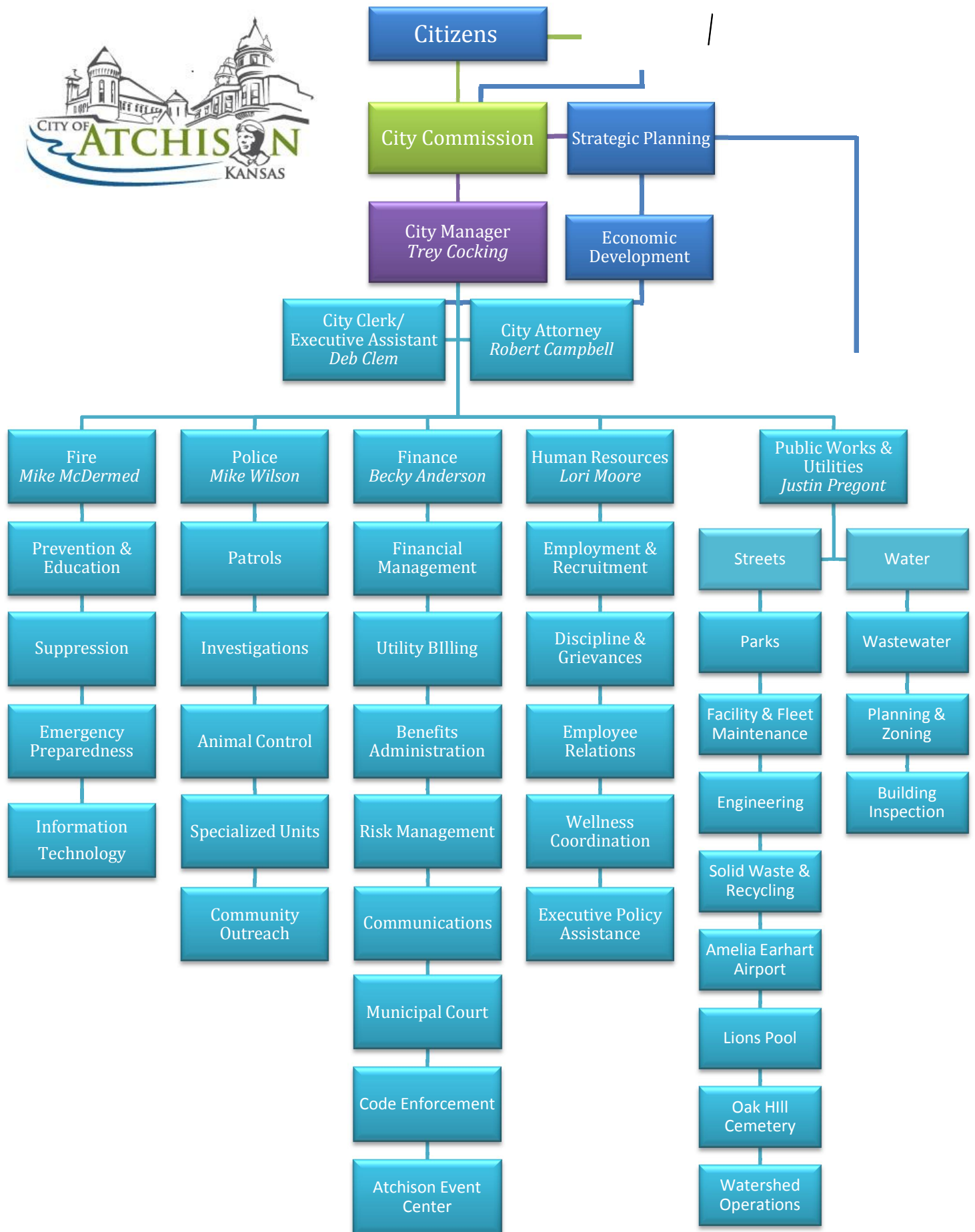
Presented to

**City of Atchison
Kansas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2014

Executive Director/CEO



CITY OF ATCHISON, KANSAS

List of Elected and Appointed Officials

December 31, 2015

ELECTED OFFICIALS

Jack Bower
Mayor
Term Expires January 2020

Allen Reavis
Vice-Mayor
Term Expires January 2018

Larry Purcell
Commissioner
Term Expires January 2018

Charlie Purdue
Commissioner
Term Expires January 2020

David Hausmann
Commissioner
Term Expires January 2018

APPOINTED OFFICIALS

Trey Cocking
City Manager

Rebecca Anderson
Director of Finance/Asst. City Manager

Michael A. Wilson
Chief/Director of Police Services

Michael E. McDermid
Chief/Director of Fire Services

Justin Pregont
Director of Public Works and Utilities

Lorelei E. Moore
Director of Human Resources

Debra Clem
City Clerk

Robert Campbell
City Attorney

Pat Henderson
Municipal Judge

Financial Section

2015



BERBERICH TRAHAN & CO., P.A.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and City Commission
City of Atchison, Kansas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Atchison, Kansas (the City) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and applicable provisions of the *Kansas Municipal Audit and Accounting Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 6 to the financial statements, on January 1, 2015, the City adopted Governmental Accounting Standards Board Statement No. 68: Accounting and Financial Reporting for Pensions and Governmental Accounting Standards Board Statement No. 71: Pension Transition for Contributions Made Subsequent to the Measurement Date. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The schedules and statements listed under supplementary information in the accompanying table of contents and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedules and statements listed under supplementary information in the accompanying table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated June 16, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Berwick Trahan + Co., P.A.

Topeka, Kansas
June 16, 2016

City of Atchison, Kansas
Management Discussion and Analysis
Fiscal Year Ended December 31, 2015

This section of the report contains an overview and an analysis of the City of Atchison's financial statements for the fiscal year ended December 31, 2015. This document and the information contained in the transmittal letter are intended to provide the reader of the financial statements with a well-rounded picture of the City's financial condition.

Financial Highlights

- The City's total assets and deferred outflows of resources exceeded its total liabilities and deferred inflows of resources by \$35,758,293.
- The net position of the City's governmental activities decreased by \$2,757,573 (or 14.5%) while the net position of business activities decreased by \$221,271 (or 1.1%). The decrease in net position is attributable to the first time presentation of the City's net pension liability related to the KPERS and KP&F retirement systems as required by GASB 68.
- At the end of 2015 the total fund balance for the general fund was \$2,275,838 which is 28% of general fund expenditures.

Overview of the Financial Statements

The City's basic financial statements include the government-wide financial statements and the fund financial statements. The notes to the financial statements follow the basic financial statements and are essential for understanding them. The report also contains additional supplementary information to assist the reader.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City of Atchison's finances, in a manner similar to private-sector businesses.

The Statement of Net Position presents information for the assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference between them reported as net position. Increases or decreases in net position may serve as a useful indicator over time of whether the financial position of the City of Atchison is improving or deteriorating.

The Statement of Activities shows the revenues and expenses related to specific programs, and how the government's net position changed during the fiscal year. This statement is presented on the accrual basis so that transactions are reflected as they occur, and not as cash is impacted.

Both statements distinguish functions of the City that are supported by taxes and intergovernmental revenues from functions that recover their costs through user fees and charges. The governmental activities include general government, public safety, public works, and parks and recreation. The business-type activities include the water and wastewater utilities and refuse operations. Business-type activities are operations that are intended to recover most, if not all, of their costs through user fees and charges.

The government-wide financial statements include a city library as a discretely presented component unit. See note 1 to the financial statements for a more complete description of the relationship between this entity and the City.

Fund Financial Statements

A fund is a fiscal entity with accounts for recording balances of resources, liabilities, equity, revenues and expenses. Funds are segregated for specific activities or objectives, in accordance with regulations, restrictions or limitations. City funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental fund financial statements are prepared on the modified accrual basis. Under this approach, revenues are recognized when measurable and available, and expenditures are recognized when the related fund liabilities are incurred with the exception of capital outlays and long-term debt and other similar items that are recorded when due. Governmental funds are used to account for essentially the same functions included in the government-wide financial statements, but the focus is on the short term financial condition rather than the City as a whole. The reconciliation at the end of the fund financial statements explains the relationship between governmental fund financial statements and government-wide financial statements.

The City maintains one type of proprietary fund, enterprise funds. The City uses enterprise funds to account for its water and wastewater utilities and refuse operations. These funds are prepared on the accrual basis of accounting and present the same information included in the government-wide financial statements in greater detail.

Fiduciary funds are used by the City to account for resources held for the benefit of third parties. Because the resources of these funds are not available for the City's operations, they are not presented in the government-wide financial statements. The Fiduciary funds include the Amelia Earhart Festival, Santa Fe Depot Enhancement, Veterans Memorial Park, Jackson Park Revitalization, and the White Clay Watershed District funds. A combining statement can be found in the supplementary information following the notes to the financial statements.

Notes to the Financial Statements

The notes are an integral part of the financial statements and provide essential information for a full understanding of the data provided in those statements.

Other information

In addition to the basic financial statements and accompanying notes, this report also contains required supplementary information concerning the City's progress in funding its obligation to provide pension and post-employment benefits to its employees and the City's general fund budgeted and actual expenditures. The combining statements for the combined general fund and non-major funds are included after the required supplementary information. The Statistical section of the report includes historical financial information and other data about the City.

Analysis of the Government-wide Statements

Net Position

Net position may serve as a useful indicator of the City's financial condition. The City's government-wide net position decreased by \$2,978,844 or 7.7% for the fiscal year ended December 31, 2015. The largest portion of the City's net position (87%) is in capital assets (land, buildings, infrastructure, vehicles and machinery and equipment); less any debt related to those assets still outstanding.

Combined Net Position of the City at December 31 was:

	Governmental Activities		Business-type Activities		Total	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Current and other assets	\$ 8,552,251	\$ 10,324,993	\$ 6,181,445	\$ 6,905,066	\$ 14,733,696	\$ 17,230,059
Capital assets	22,967,200	21,838,921	34,012,953	30,277,493	56,980,153	52,116,414
Total assets	<u>31,519,451</u>	<u>32,163,914</u>	<u>40,194,398</u>	<u>37,182,559</u>	<u>71,713,849</u>	<u>69,346,473</u>
Deferred outflows of resources	<u>525,859</u>	<u>-</u>	<u>282,062</u>	<u>133,424</u>	<u>807,921</u>	<u>133,424</u>
Long-term liabilities	11,774,648	8,335,425	20,513,945	17,277,304	32,288,593	25,612,729
Other liabilities	<u>531,783</u>	<u>1,511,764</u>	<u>380,927</u>	<u>307,325</u>	<u>912,710</u>	<u>1,819,089</u>
Total liabilities	<u>12,306,431</u>	<u>9,847,189</u>	<u>20,894,872</u>	<u>17,584,629</u>	<u>33,201,303</u>	<u>27,431,818</u>
Deferred inflows of resources	<u>3,490,669</u>	<u>3,310,942</u>	<u>71,505</u>	<u>-</u>	<u>3,562,174</u>	<u>3,310,942</u>
Net position:						
Invested in capital assets	16,480,463	14,706,052	14,497,188	13,111,660	30,977,651	27,817,712
Restricted	114,925	283,119	-	-	114,925	283,119
Unrestricted	<u>(347,178)</u>	<u>4,016,612</u>	<u>5,012,895</u>	<u>6,619,694</u>	<u>4,665,717</u>	<u>10,636,306</u>
Total net position	<u>\$ 16,248,210</u>	<u>\$ 19,005,783</u>	<u>\$ 19,510,083</u>	<u>\$ 19,731,354</u>	<u>\$ 35,758,293</u>	<u>\$ 38,737,137</u>

Governmental Activities

The City's governmental activities ended 2015 with positive net position. Cash balances decreased by \$182,729 or 3.6%, compared to a 10% increase from 2013 to 2014. The decrease in cash is due to the change in accounting for the county wide 1% sales tax. Prior to 2015, those tax proceeds were accounted for in the General Fund but now are in the Refuse Fund. Additionally, the City took over the operations at the Atchison Event Center (AEC) in 2015. While there are revenues associated with the AEC the additional expenses outstripped them this year. We expect that gap to narrow in 2016 now that the renovation of the facility is complete and it is fully available for use for the entire year. Capital assets increased by \$1,128,279, or 5%, mainly due to the completion of the Atchison Event Center project and the addition of the aerial fire truck.

Total Liabilities increased by \$2,459,242 or 25%. Both long-term debt and other liabilities decreased but the most significant change to total liabilities is presenting the net pension liability of \$4,047,797 on the statements in compliance with GASB 68.

Business-type activities

The City's business-type activities ended 2015 with positive net position.

- The total cash position decreased by \$428,352, or 7.6%. Receipts from customers increased in 2015 but it was offset by increased operating expenses. The most significant change in operating expenses was in the Refuse Fund for contractual services. Tipping fees at the transfer station nearly tripled, additionally, the City began making the lump sum payment to the County for operating the transfer station from the Refuse Fund instead of the General Fund. There were rate increases for water and wastewater services in 2015. The base charge for most residential users was increased by \$2 per month while commercial and industrial user rates were increased by 5%. Wastewater rates increased 5%. A new combined sewer overflow (CSO) fee was established in 2015 to help meet the revenue requirements outlined in the administrative order from KDHE to separate the City's combined sewer system. Residential customers are charged \$13.32 per month while the rate for commercial and industrial users is 11.5% of the regular monthly sewer bill for each meter. The solid waste fee was eliminated for all customers in 2015. The fund is now financed by the city share of the county wide 1% sales tax and incidental charges for extra trash and recycling carts.
- Capital assets increased \$3,735,460 or 12.3%. One large capital project was completed during 2015: the two million gallon water storage tank. The ozone treatment system was started in 2012 and was still in progress at the end of 2015.
- Total liabilities increased by \$3,310,243 or 18.8% due to draw downs on the state revolving loans the City has taken out to fund the ozone system at the water treatment plant, a new filter system at the water plant and new flood control gates for the City's CSO system. In addition to the loan draw downs, a new liability of \$880,492 is presented this year for the net pension liability related to the City's share of the KPERS system pension liability.

Statement of Activities

Changes in net position of the City for the years ended December 31 was:

<u>Changes in Net Position</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Revenues:						
Program revenues:						
Charges for services	\$ 773,953	\$ 575,158	\$ 6,650,970	\$ 6,455,297	\$ 7,424,923	\$ 7,030,455
Operating grants and contributions	421,178	587,508	-	-	421,178	587,508
Capital grants and contributions	400,617	456,776	-	-	400,617	456,776
General revenues:						
Property taxes	3,330,996	3,226,669	-	-	3,330,996	3,226,669
Other taxes	3,205,010	4,089,763	980,458	165,123	4,185,468	4,254,886
Unrestricted investment earnings	1,242	443	1,276	592	2,518	1,035
Other	40,664	32,291	43,789	3,100	84,453	35,391
Total revenues	<u>8,173,660</u>	<u>8,968,608</u>	<u>7,676,493</u>	<u>6,624,112</u>	<u>15,850,153</u>	<u>15,592,720</u>
Expenses:						
General government	2,839,712	3,180,703	-	-	2,839,712	3,180,703
Public safety	3,059,215	3,321,191	-	-	3,059,215	3,321,191
Public works	2,109,452	2,100,754	-	-	2,109,452	2,100,754
Parks and recreation	339,831	316,136	-	-	339,831	316,136
Interest on long-term debt	200,127	215,786	-	-	200,127	215,786
Water	-	-	2,545,497	2,349,173	2,545,497	2,349,173
Wastewater	-	-	1,845,541	1,617,152	1,845,541	1,617,152
Refuse	-	-	891,962	406,798	891,962	406,798
Total expenses	<u>8,548,337</u>	<u>9,134,570</u>	<u>5,283,000</u>	<u>4,373,123</u>	<u>13,831,337</u>	<u>13,507,693</u>
Increase in net position before transfers	(374,677)	(165,962)	2,393,493	2,250,989	2,018,816	2,085,027
Transfers	<u>1,827,209</u>	<u>1,076,338</u>	<u>(1,827,209)</u>	<u>(1,076,338)</u>	<u>-</u>	<u>-</u>
Change in net position	1,452,532	910,376	566,284	1,174,651	2,018,816	2,085,027
Net position, beginning	19,005,783	18,095,407	19,731,354	18,556,703	38,737,137	36,652,110
Prior period adjustments	(4,210,105)	-	(787,555)	-	(4,997,660)	-
Net position, beginning as restated	<u>14,795,678</u>	<u>18,095,407</u>	<u>18,943,799</u>	<u>18,556,703</u>	<u>33,739,477</u>	<u>36,652,110</u>
Net position, ending	<u>\$ 16,248,210</u>	<u>\$ 19,005,783</u>	<u>\$ 19,510,083</u>	<u>\$ 19,731,354</u>	<u>\$ 35,758,293</u>	<u>\$ 38,737,137</u>

Governmental Activities

- Total revenues from governmental programs decreased by \$794,948, or 9%. One large component of the decrease is other taxes which saw a 22% drop. This is due to a change in how the City accounts for the city share of the county wide 1% sales tax. In prior years, the sales tax went into the General Fund but beginning in 2015, the sales tax is placed directly into the Refuse Fund. The sales tax revenues offset the elimination of the refuse fees and ensure the City's compliance with the 1993 ballot which authorized the sales tax to fund joint communications and solid waste collection services. The other large decrease was in operating grants and contributions which fell \$166,330, or 28%. Offsetting the two decreases was a 35% increase in charges for services. The City took over the operations of the Atchison Event Center in 2015 and the increase relates to the revenues generated by user fees for that facility.

- Total expenses decreased by \$586,233, or 6%. General government expenditures decreased due to a change in accounting for the payment to the County for the city share of funding the transfer station. As mentioned above, the City began paying the County lump sum fee from the Refuse Fund instead of the General Fund. A transfer of \$500,000 to the Wastewater Fund from the General Fund was also eliminated in 2015. These two changes more than offset the addition of expenses related to operating the Atchison Event Center.
- The tables below compare the mill levies and the related assessed values for the 2014 and 2015 budget. According to the County Appraiser, the assessed value of real estate increased along with a decrease in personal property valuations. The value of property in the Neighborhood Revitalization program decreased in 2015. The owners of the property enjoy tax rebates for up to 10 years after construction or improvements to the property but the improved value of the property is added back to the tax rolls based on the program's graduated rebate schedule.

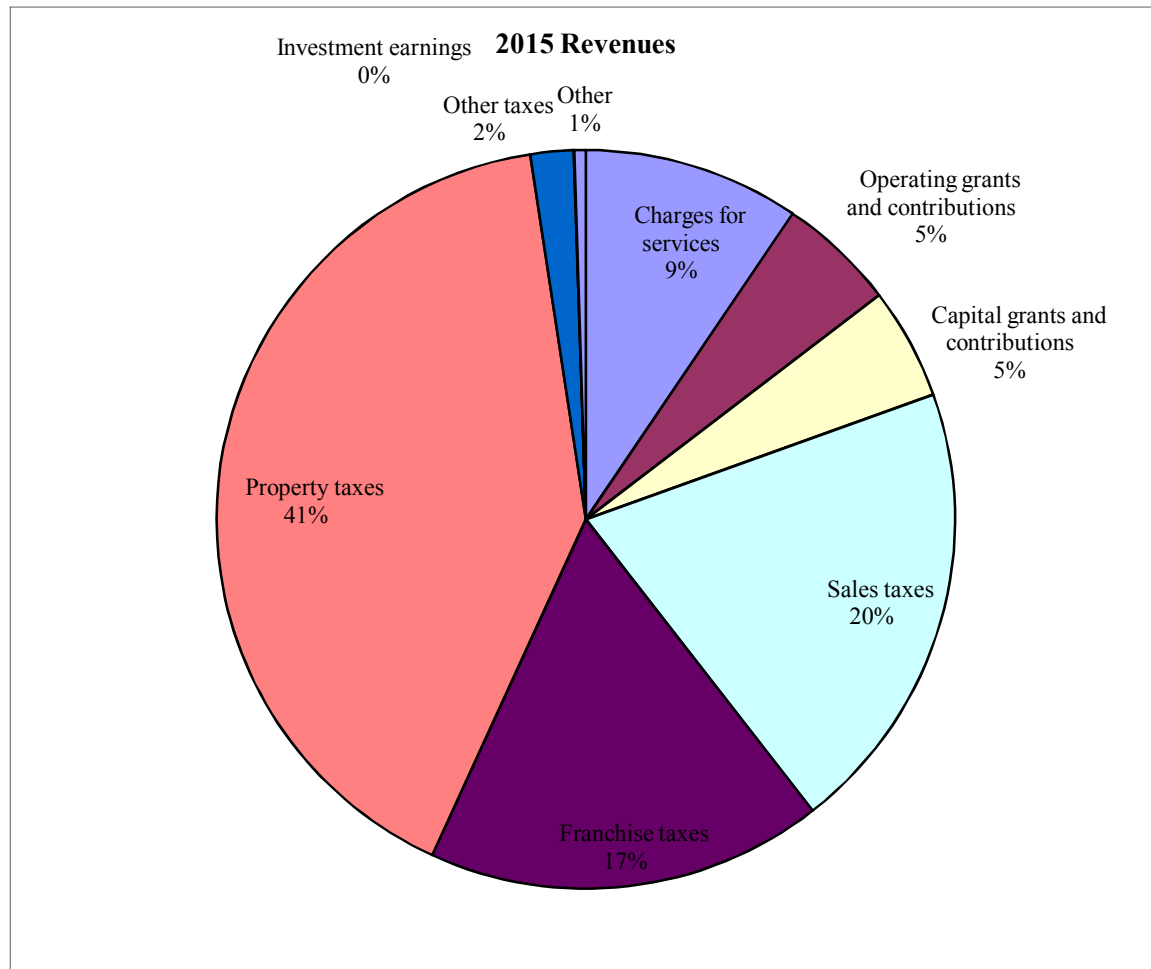
Mill Levy Rates 2014 and 2013

	2014 Levy to support 2015 Budget	2013 Levy to support 2014 Budget
General fund	38.132	38.734
Debt service	8.976	8.500
Library	6.981	7.000
Watershed	2.885	2.883
	<u>56.974</u>	<u>57.117</u>

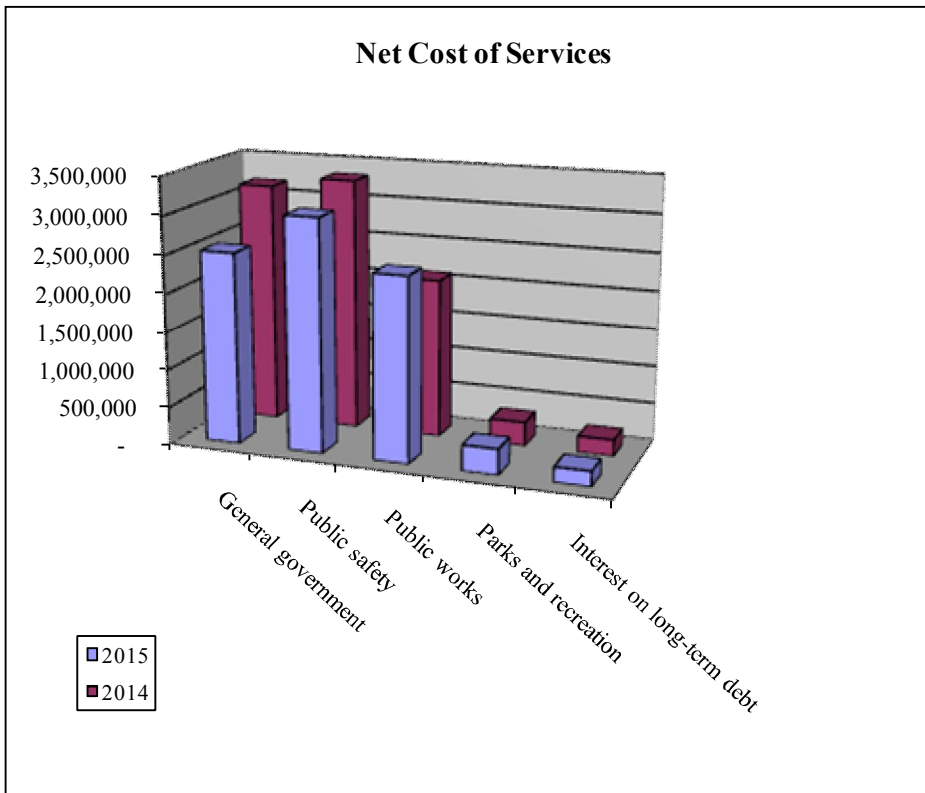
Assessed Valuation 2014 and 2013

	2014 Valuation to support 2015 Budget	2013 Valuation to support 2014 Budget	Increase / (Decrease) Over Prior Year	% Change
Real Estate	\$63,090,321	\$ 62,721,455	\$ 368,866	0.59%
Personal	3,814,598	4,227,171	(412,573)	-9.76%
Utilities	5,927,124	5,849,040	78,084	1.33%
Neighborhood revitalization	<u>(8,717,980)</u>	<u>(11,097,689)</u>	<u>2,379,709</u>	<u>-21.44%</u>
	<u>\$64,114,063</u>	<u>\$ 61,699,977</u>	<u>\$ 2,414,086</u>	<u>3.91%</u>

The following graph illustrates the composition of 2014 primary government revenues.



The following graph compares the net cost of services for governmental activities in 2015 and 2014.



The total cost of services in 2015 was \$8,173,660; however, \$1,595,748 was funded by users directly benefiting from the services, or by other organizations through operating and capital grants and contributions. The City's taxpayers, primarily through property taxes, franchise fees and sales taxes, paid the remaining \$6,577,912 of these services.

Business-type Activities

Revenues and expenses increased over the prior year as discussed below.

- Total revenues for business activities increased by 16%. Revenue from charges for services increased by only 3%. Each utility implemented rate increases in 2015. Water rates were increased by \$2 per month for residential customers and 5% for commercial and industrial users, and wastewater rates were increased by 5%. The refuse fee was eliminated. The overall revenue increase is due mainly to sales tax revenues from the county wide 1% tax being moved to the Refuse Fund. As explained above, a new combined sewer overflow (CSO) fee was implemented in 2015.

- Expenses for business-type activities increased by \$909,877 (21%). All three business type funds saw increases in expenditure: water by 8%, wastewater by 14% and refuse by 119%. The change in water expenditures is due mainly to increased interest expense. The loan balance for the ozone water treatment project increased significantly as the project progressed during 2015. Utility costs for the water fund also increased in 2015 due to the ozone project. Wastewater expenses increased because of personnel (health insurance costs), utilities (increased use of a boiler) and additional costs for cleaning the aeration basins. Depreciation expense also increased in the Wastewater Fund due mainly to new equipment installed in 2015. Refuse increased mainly due to moving the payment to the County for operation of the waste transfer station from the General Fund to the Refuse Fund and due to the County increasing its tipping fees.

Analysis of the Fund Financial Statements

The City uses fund accounting to enhance and demonstrate fiscal responsibility and compliance with finance related legal requirements.

	Total Fund Balance at December 31		Unrestricted Fund Balance at December 31	
	2015	2014	2015	2014
General	\$ 2,275,838	\$ 2,123,396	\$ 2,275,838	\$ 2,123,396
Capital Projects	2,538,278	2,986,572	2,538,278	2,986,572
Water	8,716,751	8,355,250	1,466,223	2,067,323
Wastewater	10,384,231	10,936,568	3,141,774	4,112,835
Total	<u>\$ 23,915,098</u>	<u>\$ 24,401,786</u>	<u>\$ 9,422,113</u>	<u>\$ 11,290,126</u>

Financial Analysis of the Government's Funds

The focus of the City's governmental funds is to provide information about current inflows, outflows and balances of spendable resources. The unassigned fund balance is a helpful measure of the City's resources available for expenditure at the end of the year. Overall, the City's major funds experienced a 2% decrease in total fund balance as a result of 2015 operations.

The General Fund is the main operating fund of the City. At December 31, 2015, the unassigned balance for the general fund was \$1,686,144. To assess the liquidity of a fund it may be useful to compare the fund balance (total and unassigned) to the fund's total expenditures. For 2015, the unassigned fund balance is 21% of fund expenditures and the total fund balance is 28% of expenditures. The General Fund balance increased almost 7% from 2014 mainly to due changes in the amounts transferred between funds in 2015. In 2014, the City transferred \$500,000 to the Wastewater Fund and that transfer was eliminated in 2015 because the sales tax revenue that funded the transfer was moved to the Refuse Fund. In 2015, there was a large transfer from the Capital Projects Fund to the General Fund to pay for the new aerial fire truck that went into service during the year.

There was a decrease in the Capital Projects Fund balance of 15%. The decrease is related to the transfer to the General Fund mentioned above. Most of the major projects worked on during 2015 are funded with loans from the Kansas Department of Health and Environment. Funds are drawn down on the loan soon after vendors are paid.

The Water Fund balance increased 4.3% to \$8,716,751 mainly because of lower transfers out of the fund. The majority of the amounts transferred out of the fund in 2014 and 2015 are related to the ozone treatment project at the water plant.

The Wastewater Fund balance decreased 5%, to \$10,384,231, due mainly to increases in transfers from the fund. Revenues in the fund actually increased in 2015 due to the creation of the new CSO fee. Operating expenses also increased but overall operating income increased for the year. The increased transfers are related to capital projects.

General Fund Budgetary Highlights

The following revenue and expenditure categories experienced significant differences between budgeted versus actual expenditures. Overall the General Fund ended the year with a positive budget variance. Every department had savings against budget for health insurance costs as the budget included a 5% increase but the City was able to renew the policy with no increase in costs for 2015.

- Franchise fees – Franchise fees underperformed budgeted expectations in 2015, particularly those generated by Westar and Kansas Gas Service.
- Charges for services- the Atchison Event Center generated more revenue than budgeted. The budget for 2015 was completed before the City had agreed to take over operation of the facility.
- Fines and Fees – this revenue stream is always difficult to collect. Court fines and forfeitures missed the budget target by 11% and court costs were on target. Revenue collected for nuisance abatements was under budget by 68%.
- Expenditures – Several departments experienced significant savings against budget:
 - Finance – Costs incurred for group health insurance, training, and equipment repairs were all lower than anticipated. The insurances cost savings were due to personnel changes within the department.
 - Municipal Court – Savings in health insurance costs and employee salaries resulted from staff changes in the division.
 - Community Development – the Community Development Director left employment in February 2015 and was not replaced, resulting in significant budget savings on personnel costs. Budget savings were also experienced in expenditures on marketing and promotions, professional services and nuisance abatement.
 - Fire – Personnel costs were under budget for health insurance costs due to the lower than budgeted premium costs and to changes in personnel and employee enrollments. There were also savings on workers compensation premiums due to changes in position ratings. The department was also under budget for overtime in 2015.
 - Police – The department had fuel costs savings due to the global decrease in oil prices.
 - Fleet Maintenance – This division was over budget in 2015 due to spending on parts and materials. There were a few instances of expensive, unexpected repairs to vehicles in 2015.
 - Atchison Event Center – This division's budget was prepared before the City knew it would be taking over the entire operation of the facility so the budget is not accurate. Spending for part-time personnel and all food related expenses were not projected in the 2015 budget.
 - Public Works Administration – Personnel costs were under budget due to the transfer of one employee to another department after the budget was prepared and some personnel changes that also resulted in lower costs.

- Streets - Savings of \$65,000 were experienced because the slurry seal program was included in the budget but later eliminated from the division's operations. There was also fuel costs savings due to lower fuel prices and savings for ice control materials due to a mild winter.

Capital Assets and Debt Administration

Capital Assets

The City's total investment in capital assets as of December 31, 2015 was \$56,980,153 (net of accumulated depreciation). This is a 9.3% increase over 2014. A breakdown of assets by category is presented below.

<u>Capital Assets</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Land	\$ 2,555,008	\$ 2,555,008	\$ 101,537	\$ 101,537	\$ 2,656,545	\$ 2,656,545
Construction in Progress	531,069	2,947,686	9,846,017	8,239,042	10,377,086	11,186,728
Buildings and systems	3,628,924	772,458	22,736,381	20,770,743	26,365,305	21,543,201
Improvements	5,275,674	5,414,861	-	-	5,275,674	5,414,861
Machinery and equipment	1,660,234	855,569	1,329,018	1,166,171	2,989,252	2,021,740
Infrastructure	9,316,291	9,293,339	-	-	9,316,291	9,293,339
	<u>\$ 22,967,200</u>	<u>\$ 21,838,921</u>	<u>\$ 34,012,953</u>	<u>\$ 30,277,493</u>	<u>\$ 56,980,153</u>	<u>\$ 52,116,414</u>

The major additions to capital assets in 2015 were the completion of the deferred maintenance project at the Atchison Event Center, which included a new HVAC system, roof, windows, doors and some remodeling of the interior, the purchase of a new aerial fire truck, and the completion of the two million gallon water storage tank. The major project still in progress at the end of 2015 is the ozone treatment system at the water plant.

Additional information regarding the City's capital assets can be found in Notes 1 and 5 in the notes to the financial statements.

Debt Administration

Long-term debt – The outstanding general obligation bonds at December 31, 2015 totaled \$6,434,277, and the outstanding bonds supported by revenues of business activities were \$2,765,723, for a total outstanding bond debt of \$9,200,000. In addition, the City has loans with the State Revolving Loan Fund in the amount of \$16,154,620. These loans were used to finance water and wastewater system improvements. In the summer of 2014, Moody's Investor Services gave the City an "A1" credit rating, positively impacting rates for future bond issuances.

The ratio of general obligation bonded debt to assessed valuation and the amount of bonded debt per capita provide useful indicators of the City's debt position to citizens, elected officials, City management and investors. This data for the City at the end of 2015 is presented below.

	General Obligation Debt	Ratio of Debt To Assessed Value	Debt Per Capita
2015	\$6,434,277	10.04%	\$601

State statutes limit net general obligation debt to 30 percent of assessed value. At December 31, 2015 taxable assessed valuation was \$64,114,063 and net bonded debt was \$6,236,133. The City's debt margin totaled \$12,998,086.

Additional information regarding the City's debt can be found in Note 10 in the notes to the financial statements.

Requests for Information

This financial report is designed to provide a general overview of the City's finances. In compliance with the Kansas Open Records Act, questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Clerk, 515 Kansas Avenue, Atchison, Kansas 66002.

Basic Financial Statements

2015

CITY OF ATCHISON, KANSAS

STATEMENT OF NET POSITION

December 31, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Public Library
Assets:				
Cash and cash equivalents	\$ 4,888,471	\$ 3,683,716	\$ 8,572,187	\$ 562,523
Restricted cash	-	1,492,115	1,492,115	-
Receivables, net of allowance for uncollectibles:				
Taxes	3,368,438	163,660	3,532,098	491,389
Intergovernmental	135,712	4,302	140,014	-
Accounts	86,708	837,652	924,360	-
Loans	53,646	-	53,646	-
Due from fiduciary fund	19,276	-	19,276	-
Capital assets, net of accumulated depreciation:				
Land	2,555,008	101,537	2,656,545	8,995
Construction in progress	531,069	9,846,017	10,377,086	-
Books	-	-	-	70,065
Buildings and systems	3,628,924	22,736,381	26,365,305	573,469
Improvements	5,275,674	-	5,275,674	-
Machinery and equipment	1,660,234	1,329,018	2,989,252	100,260
Infrastructure	9,316,291	-	9,316,291	-
Total assets	<u>31,519,451</u>	<u>40,194,398</u>	<u>71,713,849</u>	<u>1,806,701</u>
Deferred outflows of resources:				
Deferred charge on refunding	-	100,068	100,068	-
Deferred outflows - pension	525,859	181,994	707,853	11,535
Total deferred outflows of resources	<u>525,859</u>	<u>282,062</u>	<u>807,921</u>	<u>11,535</u>
Liabilities:				
Accounts payable	310,100	161,868	471,968	11,442
Accrued liabilities	158,600	33,664	192,264	3,824
Accrued interest payable	63,083	185,395	248,478	-
Noncurrent liabilities:				
Due within one year	904,033	1,380,073	2,284,106	8,983
Due in more than one year	10,870,615	19,133,872	30,004,487	195,341
Total liabilities	<u>12,306,431</u>	<u>20,894,872</u>	<u>33,201,303</u>	<u>219,590</u>
Deferred inflows of resources:				
Deferred receivable - property taxes	2,970,020	-	2,970,020	491,389
Deferred inflows - pension	520,649	71,505	592,154	54,936
Total deferred inflows of resources	<u>3,490,669</u>	<u>71,505</u>	<u>3,562,174</u>	<u>546,325</u>
Net position:				
Net investment in capital assets	16,480,463	14,497,188	30,977,651	752,789
Restricted for:				
Debt service	36,369	-	36,369	-
Other purposes	27,951	-	27,951	17,358
Capital projects	50,605	-	50,605	90,781
Children's library	-	-	-	243,757
Unrestricted	(347,178)	5,012,895	4,665,717	(52,364)
Total net position	<u>\$ 16,248,210</u>	<u>\$ 19,510,083</u>	<u>\$ 35,758,293</u>	<u>\$ 1,052,321</u>

See accompanying notes to basic financial statements.

CITY OF ATCHISON, KANSAS
STATEMENT OF ACTIVITIES
Year Ended December 31, 2015

					Net (Expense) Revenue and Changes in Net Position			
Functions/Programs	Expenses	Program Revenues			Primary Government			Component
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Unit
								Public Library
Primary government:								
Governmental activities:								
General government	\$ 2,839,712	\$ 371,388	\$ 100,301	\$ 28,803	\$ (2,339,220)	\$ -	\$ (2,339,220)	\$ -
Public safety	3,059,215	69,626	-	-	(2,989,589)	-	(2,989,589)	-
Public works	2,109,452	332,939	284,914	371,814	(1,119,785)	-	(1,119,785)	-
Parks and recreation	339,831	-	35,963	-	(303,868)	-	(303,868)	-
Interest on long-term debt	200,127	-	-	-	(200,127)	-	(200,127)	-
Total governmental activities	8,548,337	773,953	421,178	400,617	(6,952,589)	-	(6,952,589)	-
Business-type activities:								
Water	2,545,497	4,069,473	-	-	-	1,523,976	1,523,976	-
Wastewater	1,845,541	2,433,689	-	-	-	588,148	588,148	-
Refuse	891,962	147,808	-	-	-	(744,154)	(744,154)	-
Total business-type activities	5,283,000	6,650,970	-	-	-	1,367,970	1,367,970	-
Total primary government	\$ 13,831,337	\$ 7,424,923	\$ 421,178	\$ 400,617	(6,952,589)	1,367,970	(5,584,619)	-
Component unit:								
Public Library	\$ 573,024	\$ 15,651	\$ 194,576	\$ -	-	-	-	(362,797)
General revenues:								
Property taxes					3,330,996	-	3,330,996	493,443
Sales taxes					1,629,061	980,458	2,609,519	-
Franchise taxes					1,420,580	-	1,420,580	-
Guest taxes					133,868	-	133,868	-
Payment in lieu of taxes					21,501	-	21,501	-
Unrestricted investment earnings					1,242	1,276	2,518	1,826
Gain on sale of capital assets					40,664	43,789	84,453	-
Transfers					1,827,209	(1,827,209)	-	-
Total general revenues and transfers					8,405,121	(801,686)	7,603,435	495,269
Change in net position					1,452,532	566,284	2,018,816	132,472
Net position, beginning of year as previously stated					19,005,783	19,731,354	38,737,137	1,175,458
Prior period adjustments					(4,210,105)	(787,555)	(4,997,660)	(255,609)
Net position, beginning of year as restated					14,795,678	18,943,799	33,739,477	919,849
Net position, end of year					\$ 16,248,210	\$ 19,510,083	\$ 35,758,293	\$ 1,052,321

See accompanying notes to basic financial statements.

CITY OF ATCHISON, KANSAS

BALANCE SHEET
GOVERNMENTAL FUNDS

December 31, 2015

	General*	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets:				
Cash and cash equivalents	\$ 2,137,705	\$ 2,465,308	\$ 285,458	\$ 4,888,471
Receivables (net of allowance for uncollectibles):				
Taxes	2,682,724	-	685,714	3,368,438
Intergovernmental	-	129,160	6,552	135,712
Accounts	71,708	-	15,000	86,708
Loans	53,646	-	-	53,646
Due from fiduciary fund	-	19,276	-	19,276
Total assets	<u>\$ 4,945,783</u>	<u>\$ 2,613,744</u>	<u>\$ 992,724</u>	<u>\$ 8,552,251</u>
Liabilities, deferred inflows of resources and fund balances:				
Liabilities:				
Accounts payable	\$ 227,039	\$ 75,466	\$ 7,595	\$ 310,100
Accrued payroll	158,600	-	-	158,600
Total liabilities	<u>385,639</u>	<u>75,466</u>	<u>7,595</u>	<u>468,700</u>
Deferred inflows of resources:				
Unavailable revenue-property taxes	2,284,306	-	685,714	2,970,020
Fund balances:				
Restricted:				
Substance abuse prevention and emergency shelter	-	-	9,718	9,718
Capital projects and maintenance	-	-	50,605	50,605
Public safety	-	-	2,870	2,870
Parks and recreation facilities	-	-	15,363	15,363
Debt service	-	-	99,452	99,452
Assigned:				
Purchases on order - finance	5,691	-	-	5,691
Subsequent year's budget- appropriation of fund balance	584,003	2,538,278	121,407	3,243,688
Unassigned	1,686,144	-	-	1,686,144
Total fund balances	<u>2,275,838</u>	<u>2,538,278</u>	<u>299,415</u>	<u>5,113,531</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,945,783</u>	<u>\$ 2,613,744</u>	<u>\$ 992,724</u>	<u>\$ 8,552,251</u>

* See the General Fund Combining Balance Sheet on page 90.

See accompanying notes to basic financial statements.

CITY OF ATCHISON, KANSAS

RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION

December 31, 2015

Total fund balance in governmental fund balance sheet	\$ 5,113,531
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	22,967,200
Deferred outflows represent a consumption of net position that applies to a future period and so will not be recognized as an expenditure of resources until then.	525,859
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(11,837,731)
Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as a revenue until then.	<u>(520,649)</u>
Net position of governmental activities	<u><u>\$ 16,248,210</u></u>

See accompanying notes to basic financial statements.

CITY OF ATCHISON, KANSAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

Year Ended December 31, 2015

	General*	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes:				
Property	\$ 2,701,071	\$ -	\$ 629,925	\$ 3,330,996
Sales	1,629,061	-	-	1,629,061
Franchise	1,420,580	-	-	1,420,580
Transient guest	133,868	-	-	133,868
Payments in lieu of taxes	21,501	-	-	21,501
Intergovernmental	95,196	245,675	379,603	720,474
Licenses and permits	72,891	-	-	72,891
Charges for services	388,453	-	-	388,453
Fines and fees	188,751	-	-	188,751
Interest on investments	638	530	74	1,242
Other	93,710	86,209	29,920	209,839
Total revenues	<u>6,745,720</u>	<u>332,414</u>	<u>1,039,522</u>	<u>8,117,656</u>
Expenditures:				
Current:				
General government	2,057,397	-	261,219	2,318,616
Public works	1,711,076	39,061	-	1,750,137
Public safety	3,056,032	-	9,964	3,065,996
Parks and recreation	283,625	-	10,329	293,954
Debt service:			-	
Principal	25,875	18,898	600,000	644,773
Interest and fiscal charges	2,489	-	224,535	227,024
Capital outlay	870,557	5,535,838	-	6,406,395
Total expenditures	<u>8,007,051</u>	<u>5,593,797</u>	<u>1,106,047</u>	<u>14,706,895</u>
Excess/(deficiency) of revenues over (under) expenditures	<u>(1,261,331)</u>	<u>(5,261,383)</u>	<u>(66,525)</u>	<u>(6,589,239)</u>
Other financing sources (uses):				
Sale of capital assets	50,752	-	-	50,752
Insurance proceeds	10,105	-	-	10,105
Transfers in	1,766,254	5,664,037	-	7,430,291
Transfers out	(413,338)	(850,948)	(115,000)	(1,379,286)
Total other financing sources (uses)	<u>1,413,773</u>	<u>4,813,089</u>	<u>(115,000)</u>	<u>6,111,862</u>
Net change in fund balances	152,442	(448,294)	(181,525)	(477,377)
Fund balances, beginning of year	2,123,396	2,986,572	480,940	5,590,908
Fund balances, end of year	<u>\$ 2,275,838</u>	<u>\$ 2,538,278</u>	<u>\$ 299,415</u>	<u>\$ 5,113,531</u>

*See the General Fund Combining Statement of Revenues, Expenditures and Changes in Fund Balances on page 91.

See accompanying notes to basic financial statements.

CITY OF ATCHISON, KANSAS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

Year Ended December 31, 2015

Amounts reported for governmental activities in the statement of activities
are different because:

Net change in fund balances - total governmental funds	\$ (477,377)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	5,356,930
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, disposals, donations) is to decrease net position.	(4,228,650)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	646,132
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>155,497</u>
Change in net position of governmental activities	<u>\$ 1,452,532</u>

See accompanying notes to basic financial statements.

CITY OF ATCHISON, KANSAS

STATEMENT OF NET POSITION PROPRIETARY FUNDS

December 31, 2015

	Water	Wastewater	Refuse	Total
Assets:				
Current assets:				
Cash and cash equivalents	\$ 1,478,518	\$ 1,795,592	\$ 409,606	\$ 3,683,716
Restricted cash	-	1,492,115	-	1,492,115
Receivables (net of allowance for uncollectibles):				
Accounts	525,734	311,371	547	837,652
Sales tax	-	-	163,660	163,660
Intergovernmental	4,302	-	-	4,302
Total current assets	<u>2,008,554</u>	<u>3,599,078</u>	<u>573,813</u>	<u>6,181,445</u>
Noncurrent assets:				
Capital assets:				
Land	84,396	17,141	-	101,537
Buildings and systems	24,630,867	17,269,144	-	41,900,011
Machinery and equipment	1,027,665	1,501,908	686,257	3,215,830
Construction in progress	9,081,402	764,615	-	9,846,017
Less accumulated depreciation	(10,587,965)	(10,125,108)	(337,369)	(21,050,442)
Total noncurrent assets	<u>24,236,365</u>	<u>9,427,700</u>	<u>348,888</u>	<u>34,012,953</u>
Total assets	<u>26,244,919</u>	<u>13,026,778</u>	<u>922,701</u>	<u>40,194,398</u>
Deferred outflows of resources:				
Deferred charge on refunding	100,068	-	-	100,068
Deferred outflows - pension	76,041	73,136	32,817	181,994
Total deferred outflows of resources	<u>176,109</u>	<u>73,136</u>	<u>32,817</u>	<u>282,062</u>
Liabilities:				
Current liabilities:				
Accounts payable	67,403	78,389	16,076	161,868
Accrued payroll	20,814	7,907	4,943	33,664
Accrued interest payable	166,221	19,174	-	185,395
Accrued compensated absences - current	24,637	12,846	5,361	42,844
Loans payable - current	241,518	-	-	241,518
Leases payable - current	43,708	38,577	82,702	164,987
General obligation bonds - current	930,724	-	-	930,724
Total current liabilities	<u>1,495,025</u>	<u>156,893</u>	<u>109,082</u>	<u>1,761,000</u>
Noncurrent liabilities:				
Accrued compensated absences	41,602	29,553	3,689	74,844
Net pension liability	367,887	353,836	158,769	880,492
Loans payable	13,887,680	2,025,422	-	15,913,102
Leases payable	-	121,244	261,983	383,227
General obligation bonds payable, net	1,882,207	-	-	1,882,207
Total noncurrent liabilities	<u>16,179,376</u>	<u>2,530,055</u>	<u>424,441</u>	<u>19,133,872</u>
Total liabilities	<u>17,674,401</u>	<u>2,686,948</u>	<u>533,523</u>	<u>20,894,872</u>
Deferred inflows of resources:				
Deferred inflows - pension	29,876	28,735	12,894	71,505
Net position:				
Net investment in capital assets	7,250,528	7,242,457	4,203	14,497,188
Unrestricted	1,466,223	3,141,774	404,898	5,012,895
Total net position	<u>\$ 8,716,751</u>	<u>\$ 10,384,231</u>	<u>\$ 409,101</u>	<u>\$ 19,510,083</u>

See accompanying notes to basic financial statements.

CITY OF ATCHISON, KANSAS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS

Year Ended December 31, 2015

	Water	Wastewater	Refuse	Total
Operating revenues:				
Charges for sales and services	\$ 4,069,473	\$ 2,433,689	\$ 147,808	\$ 6,650,970
Operating expenses:				
Personnel services	583,099	548,183	231,405	1,362,687
Contractual services	311,218	413,429	527,702	1,252,349
Supplies	305,542	49,662	38,333	393,537
Utilities	340,249	231,378	6,544	578,171
Depreciation and amortization	619,172	543,645	87,222	1,250,039
Total operating expenses	2,159,280	1,786,297	891,206	4,836,783
Operating income (loss)	1,910,193	647,392	(743,398)	1,814,187
Nonoperating revenues (expenses):				
Gain on sale of assets	-	10,789	33,000	43,789
Sales tax revenue	-	-	980,458	980,458
Interest revenue	333	852	91	1,276
Interest expense	(386,217)	(59,244)	(756)	(446,217)
Total nonoperating revenues (expenses)	(385,884)	(47,603)	1,012,793	579,306
Income before transfers and capital contributions	1,524,309	599,789	269,395	2,393,493
Capital contributions	4,223,796	-	-	4,223,796
Transfers in	-	21,157	92,181	113,338
Transfers out	(5,057,548)	(856,795)	(250,000)	(6,164,343)
Change in net position	690,557	(235,849)	111,576	566,284
Total net position, beginning of year as previously stated	8,355,250	10,936,568	439,536	19,731,354
Prior period adjustment	(329,056)	(316,488)	(142,011)	(787,555)
Total net position, beginning of year as restated	8,026,194	10,620,080	297,525	18,943,799
Total net position, end of year	\$ 8,716,751	\$ 10,384,231	\$ 409,101	\$ 19,510,083

See accompanying notes to basic financial statements.

CITY OF ATCHISON, KANSAS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

Year Ended December 31, 2015

	Water	Wastewater	Refuse	Total
Cash flows from operating activities:				
Receipts from customers	\$ 4,077,373	\$ 2,354,829	\$ 221,173	\$ 6,653,375
Payments to suppliers	(968,723)	(698,234)	(568,316)	(2,235,273)
Payments to employees	(579,034)	(552,304)	(244,444)	(1,375,782)
Net cash provided by (used in) operating activities	2,529,616	1,104,291	(591,587)	3,042,320
Cash flows from noncapital financing activities:				
Proceeds from sales tax revenue	-	-	981,922	981,922
Transfers in from other funds	-	21,157	92,181	113,338
Transfers to other funds	(4,972,181)	(856,795)	(250,000)	(6,078,976)
Net cash used in noncapital financing activities	(4,972,181)	(835,638)	824,103	(4,983,716)
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	-	(744,084)	-	(744,084)
Proceeds from sales of capital assets	-	10,789	33,000	43,789
Principal paid on general obligation bonds	(911,102)	-	-	(911,102)
Proceeds from capital debt	3,998,496	295,180	-	4,293,676
Principal paid on capital debt	(454,964)	(181,985)	-	(636,949)
Principal paid on capital leases	(42,418)	(40,079)	(91,425)	(173,922)
Interest paid on capital debt	(298,819)	(60,065)	(756)	(359,640)
Net cash provided by (used in) capital and related financing activities	2,291,193	(720,244)	(59,181)	1,511,768
Cash flows from investing activities:				
Interest received	333	852	91	1,276
Net increase (decrease) in cash and cash equivalents	(151,039)	(450,739)	173,426	(428,352)
Cash and cash equivalents and restricted cash, beginning of year	1,629,557	3,738,446	236,180	5,604,183
Cash and cash equivalents and restricted cash, end of year	\$ 1,478,518	\$ 3,287,707	\$ 409,606	\$ 5,175,831

(Continued)

CITY OF ATCHISON, KANSAS

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 (Continued)

Year Ended December 31, 2015

	Water	Wastewater	Refuse	Total
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 1,910,193	\$ 647,392	\$ (743,398)	\$ 1,814,187
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Items not requiring cash:				
Depreciation and amortization expense	619,172	543,645	87,222	1,250,039
Changes in:				
Accounts receivable	7,900	(78,861)	73,365	2,404
Deferred outflows - pension	(51,503)	(49,535)	(22,227)	(123,265)
Accounts payable	(11,714)	(3,765)	4,263	(11,216)
Accrued compensated absences	12,865	1,863	(8,510)	6,218
Accrued payroll	(1,466)	1,070	(1,364)	(1,760)
Net pension liability	75,282	72,406	32,489	180,177
Deferred inflows - pension	(31,113)	(29,924)	(13,427)	(74,464)
Net cash provided by (used in) operating activities	<u>\$ 2,529,616</u>	<u>\$ 1,104,291</u>	<u>\$ (591,587)</u>	<u>\$ 3,042,320</u>

Noncash capital financing activities:

Contributions of capital assets of \$4,223,796 were acquired in the water fund from governmental funds.

See accompanying notes to basic financial statements.

CITY OF ATCHISON, KANSAS

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

December 31, 2015

	<u>Agency Funds</u>
Assets:	
Cash and cash equivalents	<u>\$ 345,427</u>
Liabilities:	
Due to others	<u>\$ 345,427</u>

See accompanying notes to basic financial statements.

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2015

1 - Summary of Significant Accounting Policies

Reporting Entity

The City of Atchison, Kansas (the City) was incorporated in 1858. The City operates under a City Commission - Manager form of government. The accompanying basic financial statements present the City (the primary government) and its component unit, an entity for which the City is considered to be financially accountable. The discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for the description) to emphasize that it is legally separate from the City.

Discretely Presented Component Unit. The Public Library (the Library) is operated by a Library Board which is appointed by the City Commission. The City levies and collects a special library tax to subsidize the Library's operations. The Library's operating budget is limited to seven mills by charter ordinance of the City Commission. The City must approve acquisition or disposition of real property by the Library, but the Library owns the capital assets. Bond issuances must also be approved by the City. The Library is presented as a governmental fund type. Separately issued financial statements for the Library are not available.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component unit. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Government-Wide and Fund Financial Statements (Continued)

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and the major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. The agency funds do not have a measurement focus and use the accrual basis of accounting to report their financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are generally considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. A 90-day availability period is used for revenue recognition for all governmental funds revenues except property taxes. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed requirements. These resources are reflected as revenues at the time of receipt, or earlier if the susceptible to accrual criteria are met.

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Property taxes, sales taxes, franchise taxes, interest associated with the current fiscal period, and certain state and federal grants and entitlements are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City. While property taxes receivable are shown on the balance sheet as current assets of the City, they are not recognized as revenue at year end because statutory provisions prohibit their use until the year for which they were raised and budgeted. Instead, they are offset by unavailable revenue accounts.

The City reports the following major governmental funds:

The general fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. This fund accounts for the general operating transactions of the City including public safety, public works, parks, recreation, and administration.

The capital projects fund is a fund used by the City for the acquisition and construction of major facilities other than those financed by the enterprise funds.

The City reports the following major proprietary funds:

The water fund accounts for the operation and maintenance activities of the City's water distribution system.

The wastewater fund accounts for the operation and maintenance activities of the City's wastewater collection and treatment system.

Additionally, the City reports the following fund type:

Agency funds are used to report resources held by the City in a custodial capacity for remittance to private organizations. These funds are held on behalf of the Amelia Earhart Festival, Santa Fe Depot Enhancement, Veteran's Memorial Park, Jackson Park Revitalization and the White Clay Watershed District.

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water/wastewater function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and wastewater funds are charges to customers for sales and services. Operating expenses for the water and wastewater funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Pooled Cash and Investments

Cash and cash equivalents of the individual funds are combined to form a pool that is managed by the Director of Finance. Each fund's equity in the pool is included in "cash and cash equivalents" in the financial statements. These pooled funds consist of operating accounts. Investment earnings, including interest income, are allocated to the funds required to accumulate interest; other investment earnings are allocated based on management discretion and upon their average monthly equity balances. If a fund is not required to account for its own earnings by law or regulation, the earnings are allocated to the General Fund. For the fiscal year ended December 31, 2015, interest earnings allocated to the various funds were \$ 2,518.

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Cash Flows Statement

For purposes of the cash flows statement, the City considers deposits and highly liquid investments with an original maturity of three months or less to be cash equivalents.

Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

All trade accounts receivable are shown net of an allowance for uncollectibles. Management records a trade accounts receivable allowance based on percentages of collection estimated from the aging of the accounts receivable. At December 31, 2015, an allowance for uncollectible receivables of approximately \$ 831,000 has been recorded.

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. Governmental funds unavailable revenue is reported as follows:

General fund property tax receivable	\$ 2,284,306
Debt service fund property tax receivable	<u>685,714</u>
	<u><u>\$ 2,970,020</u></u>

Property Taxes

The City's property taxes are levied each year on the assessed value of all real estate listed as of the prior January 1, the lien date. Assessed values are established by the Atchison County Assessor. The assessed value for property located in the City on which the 2015 levy was based was \$ 72,832,043.

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Property Taxes (Continued)

Property taxes are legally restricted for use in financing operations of the ensuing year. Accordingly, the City defers revenue recognition until the year for which they are to be used. Property taxes are levied on November 1. Property owners have the option of paying one-half or the full amount of the taxes levied on or before December 20 during the year levied with the balance to be paid on or before May 10 of the ensuing year. Property taxes become delinquent on December 20 of each fiscal year if the taxpayer has not remitted at least one-half of the amount due. The 2014 tax levy per \$ 1,000 of assessed valuation which supports the 2015 budget was as follows:

General Fund	\$ 38.132
Debt Service Fund	8.976
Component unit:	
Public Library	<u>6.981</u>
	<u>\$ 54.089</u>

Taxes receivable represent property taxes levied for 2015 and prior years that have not yet been collected, net of estimated uncollectibles.

Restricted Assets

Restricted cash is set aside in the wastewater fund for wastewater capital improvements.

Capital Assets

Capital assets, which include property, plant, equipment, infrastructure (e.g., roads, bridges, sidewalks and similar items) and construction in progress are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as assets with an initial individual cost of more than \$ 2,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Capital Assets (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Capital assets of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives.

Buildings and systems	20 - 40 years
Improvements	20 years
Machinery and equipment	3 - 10 years
Infrastructure	40 years

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category. They are the deferred charge on refunding and deferred outflows – pension reported in the government-wide and proprietary fund statements of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. See Note 6 for more information on the deferred outflows for the pension.

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has two types of items that qualify for reporting in this category. One item, *unavailable revenue/deferred receivable*, is reported in the governmental funds balance sheet and the governmental activities in the government-wide statement of net position. The governmental funds and activities report unavailable revenues from one source: property taxes. Governmental activities report a deferred receivable from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The other item is deferred inflows for pension. See Note 6 for more information on the deferred inflows for the pension.

Compensated Absences

Under the terms of the City's personnel policy, City employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee with twenty years of service or more will receive accumulated sick leave up to a maximum of 120 days and all accumulated vacation leave, provided the employee has met all conditions set forth in Section VI of the City's personnel policy. An employee with fifteen to twenty years of service will receive one-half of accumulated sick leave, which is limited to a maximum of forty-five days, and all accumulated vacation leave in the event of termination. An employee with ten to fifteen years of service will receive one-fourth of accumulated sick leave, which is limited to a maximum of fifteen days, and all accumulated vacation leave in the event of termination. All vacation leave is accrued when incurred and the varying amounts of accumulated sick leave are accrued upon attaining ten, fifteen and twenty years of service in the government-wide and proprietary financial statements. In the governmental fund financial statements, a liability is accrued when it has matured, for example, as a result of employee resignations and retirements.

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of KPERS and additions to/deductions from KPERS's fiduciary net position have been determined on the same basis as they are reported by KPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Fund Balances

As prescribed by GASB Statement No. 54, governmental funds report fund balance classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of December 31, 2015, fund balances for governmental funds are made up of the following:

Nonspendable fund balance – includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Fund Balances (Continued)

Restricted fund balance – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

Committed fund balance – includes amounts that can only be spent for specific purposes determined by a formal action (adoption of an ordinance) of the City's highest level of decision-making authority, the City Commission. Commitments may be changed or lifted only by the City Commission taking the same formal action that imposed the constraint originally.

Assigned fund balance – includes amounts intended to be used by the City for specific purposes that are neither restricted nor committed. Intent is expressed by (1) the City Commission or (2) a body or official to which the City Commission has delegated the authority by resolution to assign amounts to be used for specific purposes.

Unassigned fund balance – is the residual classification for the General Fund and includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose.

The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

Concentrations of Credit Risk

Unsecured credit is extended to customers for water and sewer fees and charges for services. Intergovernmental receivables include unsecured amounts due from federal, state and county agencies for various grant programs.

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Pending Governmental Accounting Standards Board Statements

At December 31, 2015, the Governmental Accounting Standards Board (GASB) had issued several statements not yet implemented by the City. The statements that might impact the City are as follows:

GASB Statement No. 72, *Fair Value Measurement and Application*, was issued in February 2015. The objective of this statement is to address financial reporting issues related to fair value measurements. The statement provides guidance for determining a fair value measurement for financial reporting purposes and for applying fair value to certain investments and disclosures related to all fair value measurements. The provisions of this statement are effective for periods beginning after June 15, 2015.

GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*, replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*, and requires governments to report a liability on the face of the financial statements for the OPEB that they provide. Statement No. 75 requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information (RSI) about the OPEB liabilities. Among the new note disclosures is a description of the effect on the reported OPEB liability of using a discount rate and a healthcare cost trend rate that are one percentage point higher and one percentage point lower than assumed by the government. The new RSI includes a schedule showing the causes of increases and decreases in the OPEB liability and a schedule comparing a government's actual OPEB contributions to its contribution requirements. The provisions of this statement are effective for periods beginning after June 15, 2017.

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Pending Governmental Accounting Standards Board Statements (Continued)

GASB Statement No. 77, *Tax Abatement Disclosures*, increases the disclosure requirements for tax abatements affecting the government entity and its ability to raise resources in the future. This standard applies to a reporting government's own tax abatement agreements or agreements entered into by other governments and that reduce the reporting government's tax revenues. The government that enters into the agreement must begin disclosing (1) brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provision for recapturing abated taxes, and the types of commitments made by tax abatement recipients, (2) the gross dollar amount of taxes abated during the period and (3) commitments made by a government, other than to abate taxes, as part of a tax abatement agreement. For governments impacted by other governments' tax abatements, the following must be disclosed: (1) the names of the governments that entered into the agreements, (2) the specific taxes being abated, and (3) the gross dollar amount of taxes abated during the period. The provisions of this statement are effective for periods beginning after December 15, 2015.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures for both the qualifying external investment pools and their participants include information about any limitations or restrictions on participant withdrawals. The provisions of this statement are effective for periods beginning after December 15, 2015.

GASB Statement No. 80, *Blending Requirement for Certain Component Units*, amends the blending requirements for the financial statement presentation of component units. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. The provisions of this statement are effective for periods beginning after June 15, 2016.

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

2 - Reconciliation of Government-Wide and Fund Financial Statements

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position of governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that “Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$ (11,837,731) difference are as follows:

Bonds payable	\$ (6,434,277)
Bond premium	(25,369)
Capital leases payable	(27,091)
Accrued interest payable	(63,083)
Compensated absences	(607,371)
Net pension liability	(4,047,797)
Net other postemployment benefit obligation	<u>(632,743)</u>
Net adjustment to decrease fund balance - total governmental funds to arrive at net position - governmental activities	<u><u>\$ (11,837,731)</u></u>

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

2 - Reconciliation of Government-Wide and Fund Financial Statements (Continued)

Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and change in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$ 5,356,930 difference are as follows:

Capital outlay	\$ 6,383,267
Depreciation expense	<u>(1,026,337)</u>
Net adjustment to increase net change in fund balances - total governmental funds to arrive at change in net position of governmental activities	<u><u>\$ 5,356,930</u></u>

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

2 - Reconciliation of Government-Wide and Fund Financial Statements (Continued)

Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities (Continued)

Another element of that reconciliation states that “The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$ 646,132 difference are as follows:

Principal repayments:

General obligation bonds	\$ 618,898
Capital leases	25,875
Amortization of bond premium	<u>1,359</u>

Net adjustment to increase net change in fund balances - total governmental funds to arrive at change in net position of governmental activities	<u><u>\$ 646,132</u></u>
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Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this \$ 155,497 difference are as follows.

Compensated absences	\$ 95,639
Accrued interest	25,537
Pension contributions	167,518
Net other postemployment benefit obligation	<u>(133,197)</u>

Net adjustment to increase net change in fund balances - total governmental funds to arrive at change in net position of governmental activities	<u><u>\$ 155,497</u></u>
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CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

3 - Stewardship, Compliance and Accountability

Budgetary Information

Applicable Kansas statutes require that budgets be legally adopted for all funds unless exempted by a specific statute. Legal operating budgets are required for the General, Special Alcohol, Special Parks and Recreation, Motor Fuel, and the Debt Service Funds. Budgets are not required for the Law Enforcement, DARE, Grants, Insurance Reserve, Capital Projects, Municipal Equipment Reserve, Façade Improvements, Water, Wastewater and Refuse Funds. All budgets are prepared utilizing the modified accrual basis further modified by the encumbrance method of accounting - that is, commitments such as purchase orders and contracts, in addition to disbursements and accounts payable, are recorded as expenditures.

The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in a local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

Kansas statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. The special alcohol fund budget was amended for the year ended December 31, 2015.

Under Kansas statutes management cannot amend the total budget of a fund without approval of the governing body; however, the statutes permit transferring budgeted amounts between line items within an individual fund or department. Therefore, the legal level of control is at the fund level for all legally adopted budgets. The City has elected to pursue a policy of requiring approval of the City Manager on major category changes exceeding \$ 5,000. City Commission approval is not needed for category changes or budget transfers between departments within the approved budget. Major category means total personnel services, total contractual services, total materials and supplies, total other charges, or total capital outlay.

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

4 - Deposits and Investments

Credit risk

Kansas statutes authorize the City and the Library, with certain restrictions, to deposit or invest in temporary notes, no-fund warrants, open accounts, time deposits, certificates of deposit, repurchase agreements, U.S. Treasury Bills and Notes, the municipal investment pool, or to make direct investments. City Resolution 4896 further limits the investment of temporarily idle funds of the City to either, or all, of the following:

1. Direct obligations of the United States Government.
2. Temporary notes of the City.
3. Interest bearing certificates of deposit of the depository banks of the City.
4. Interest bearing accounts with federally insured savings and loan associations in such amounts not exceeding such federal insurance.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. Kansas statutes require that deposits be collateralized, and that collateral pledged must have a fair market value equal to 100% of the deposits and investments, less insured amounts, and must be assigned for the benefit of the City. At December 31, 2015, the City's deposits were not exposed to custodial credit risk. The deposits for the Library were not exposed to custodial credit risk.

CITY OF ATCHISON, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

5 - Capital Assets

Capital asset activity for the year ended December 31, 2015 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,555,008	\$ -	\$ -	\$ 2,555,008
Construction in progress	2,947,686	383,956	(2,800,573)	531,069
Total capital assets not being depreciated	5,502,694	383,956	(2,800,573)	3,086,077
Capital assets being depreciated:				
Buildings and systems	2,533,023	2,906,906	-	5,439,929
Improvements	8,353,809	167,256	-	8,521,065
Machinery and equipment	4,274,265	1,145,460	(229,004)	5,190,721
Infrastructure	22,839,676	357,550	-	23,197,226
Total capital assets being depreciated	38,000,773	4,577,172	(229,004)	42,348,941
Less accumulated depreciation for:				
Buildings and systems	(1,760,565)	(50,440)	-	(1,811,005)
Improvements	(2,938,948)	(306,443)	-	(3,245,391)
Machinery and equipment	(3,418,696)	(334,856)	223,065	(3,530,487)
Infrastructure	(13,546,337)	(334,598)	-	(13,880,935)
Total accumulated depreciation	(21,664,546)	(1,026,337)	223,065	(22,467,818)
Total capital assets being depreciated, net	16,336,227	3,550,835	(5,939)	19,881,123
Governmental activities capital assets, net	\$ 21,838,921	\$ 3,934,791	\$ (2,806,512)	\$ 22,967,200

CITY OF ATCHISON, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

5 - Capital Assets (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 101,537	\$ -	\$ -	\$ 101,537
Construction in progress	8,239,042	4,201,769	(2,594,794)	9,846,017
Total capital assets not being depreciated	8,340,579	4,201,769	(2,594,794)	9,947,554
Capital assets being depreciated:				
Buildings and systems	38,997,034	2,902,977	-	41,900,011
Machinery and equipment	2,937,922	465,638	(187,730)	3,215,830
Total capital assets being depreciated	41,934,956	3,368,615	(187,730)	45,115,841
Less accumulated depreciation for:				
Buildings and systems	(18,226,291)	(937,339)	-	(19,163,630)
Machinery and equipment	(1,771,751)	(295,080)	180,019	(1,886,812)
Total accumulated depreciation	(19,998,042)	(1,232,419)	180,019	(21,050,442)
Total capital assets being depreciated, net	21,936,914	2,136,196	(7,711)	24,065,399
Business-type activities capital assets, net	<u>\$ 30,277,493</u>	<u>\$ 6,337,965</u>	<u>\$ (2,602,505)</u>	<u>\$ 34,012,953</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 403,088
Public safety	238,633
Public works	339,055
Parks and recreation	45,561
Total depreciation expense - governmental activities	<u>\$ 1,026,337</u>
Business-type activities:	
Water	\$ 601,552
Wastewater	543,645
Refuse	87,222
Total depreciation expense - business-type activities	<u>\$ 1,232,419</u>

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

5 - Capital Assets (Continued)

Discretely Presented Component Unit

Capital asset activity for the Library for the year ended December 31, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Library:				
Capital assets not being depreciated:				
Land	\$ 8,995	\$ -	\$ -	\$ 8,995
Capital assets being depreciated:				
Buildings and systems	887,541	-	-	887,541
Books	538,588	44,099	(45,204)	537,483
Machinery and equipment	120,816	53,101	-	173,917
Total capital assets being depreciated	1,546,945	97,200	(45,204)	1,598,941
Less accumulated depreciation for:				
Buildings and systems	(282,391)	(31,681)	-	(314,072)
Books	(466,011)	(46,611)	45,204	(467,418)
Machinery and equipment	(61,020)	(12,637)	-	(73,657)
Total accumulated depreciation	(809,422)	(90,929)	45,204	(855,147)
Total capital assets being depreciated, net	737,523	6,271	-	743,794
Library capital assets, net	\$ 746,518	\$ 6,271	\$ -	\$ 752,789

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

6 - Pension Plan

General Information About the Pension Plan

Description of Pension Plan. The City and the Library participate in a cost-sharing multiple-employer defined benefit pension plan (Pension Plan), as defined in Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans*. The Pension Plan is administered by the Kansas Public Employees Retirement System (KPERS), a body corporate and an instrumentality of the State of Kansas. KPERS provides benefit provisions to the following statewide pension groups under one plan, as provided by K.S.A. 74, article 49:

- Public employees, which includes:
 - State/School employees
 - Local employees
- Police and Firemen
- Judges

Substantially all public employees in Kansas are covered by the Pension Plan. Participation by local political subdivisions is optional, but irrevocable once elected.

Those employees participating in the Pension Plan for the City and the Library are included in the Local and Police and Firemen employee groups.

KPERS issues a stand-alone comprehensive annual financial report, which is available on the KPERS website at www.kpers.org.

Benefits Provided. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Benefits are established by statute and may only be changed by the Kansas Legislature. Member employees (except police and firemen) with ten or more years of credited service may retire as early as age 55 (police and firemen may be age 50 with 20 years of credited service), with an actuarially reduced monthly benefit. Normal retirement is at age 65, age 62 with ten years of credited service, or whenever an employee's combined age and years of credited service equal 85 points (police and firemen normal retirement ages are age 60 with 15 years of credited service, age 55 with 20 years, age 50 with 25 years, or any age with 36 years of service).

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

6 - Pension Plan (Continued)

General Information About the Pension Plan (Continued)

Monthly retirement benefits are based on a statutory formula that includes final average salary and years of service. When ending employment, member employees may withdraw their contributions from their individual accounts, including interest. Member employees who withdraw their accumulated contributions lose all rights and privileges of membership. For all pension coverage groups, the accumulated contributions and interest are deposited into and disbursed from the membership accumulated reserve fund as established by K.S.A. 74-4922.

Member employees choose one of seven payment options for their monthly retirement benefits. At retirement a member employee may receive a lump-sum payment of up to 50% of the actuarial present value of the member employee's lifetime benefit. His or her monthly retirement benefit is then permanently reduced based on the amount of the lump sum. Benefit increases, including ad hoc post-retirement benefit increases, must be passed into law by the Kansas Legislature. Benefit increases are under the authority of the Legislature and the Governor of the State of Kansas.

The 2012 Legislature made changes affecting new hires, current members and employers. A new KPERS 3 cash balance retirement plan for new hires starting January 1, 2015, was created. Normal retirement age for KPERS 3 is 65 with five years of service or 60 with 30 years of service. Early retirement is available at age 55 with ten years of service, with a reduced benefit. Monthly benefit options are an annuity benefit based on the account balance at retirement.

For all pension coverage groups, the retirement benefits are disbursed from the retirement benefit payment reserve fund as established by K.S.A. 74-4922.

Contributions. K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. K.S.A. 74-4975 establishes the Police and Firemen (KP&F) member-employee contribution rate at 7.15% of covered salary. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

6 - Pension Plan (Continued)

General Information About the Pension Plan (Continued)

State law provides that the employer contribution rates are determined based on the results of an annual actuarial valuation for each of the three state-wide pension groups. The contributions and assets of all groups are deposited in the Kansas Public Employees Retirement Fund established by K.S.A. 74-4921. KPERS is funded on an actuarial reserve basis.

For KPERS fiscal years beginning in 1995, Kansas legislation established statutory limits on increases in contribution rates for KPERS employers. Annual increases in the employer contribution rates related to subsequent benefit enhancements are not subject to these limitations. The statutory cap increase over the prior year contribution rate is 1.0% of total payroll for the KPERS fiscal year ended June 30, 2015.

The actuarially determined employer contribution rate (not including the 0.85% contribution rate for the Death and Disability Program) and the statutory contribution rate was 9.48% for KPERS and 21.36% for KP&F for the year ended December 31, 2015. Contributions to the Pension Plan from the City were \$ 255,986 for KPERS and \$ 366,765 for KP&F for the year ended December 31, 2015. Contributions from the Library for KPERS were \$ 22,594 for the year ended December 31, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2015, the City reported a liability of \$ 2,341,735 for KPERS and \$ 2,586,554 for KP&F and the Library reported a liability of \$ 193,346 for KPERS for their proportionate share of the KPERS collective net pension liability. The collective net pension liability was measured by KPERS as of June 30, 2015, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of December 31, 2014, which was rolled forward to June 30, 2015.

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

6 - Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Although KPERS administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense are determined separately for each of the following groups of the plan:

- State/School
- Local
- Police and Firemen
- Judges

To facilitate the separate (sub) actuarial valuations, KPERS maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer and nonemployer allocations are applied to amounts presented in the schedules of pension amounts by employer and nonemployer. The City's proportion of the collective net pension liability was based on the ratio of the City's actual contributions to KPERS and KP&F, relative to the total employer and nonemployer contributions of the Local group and Police and Firemen group within KPERS for the KPERS fiscal year ended June 30, 2015. The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2015 the City's proportion for KPERS was .178344%, which was an increase of .027018% from its proportion measured as of June 30, 2014. At June 30, 2015, the City's proportion for KP&F was .356217%, which was a decrease of .038436% from its proportion measured as of June 30, 2014. At June 30, 2015, the Library's proportion for KPERS was .014725%, which is a decrease of .002391% from its proportion measured as of June 30, 2014.

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

6 - Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

For the year ended December 31, 2015, the City recognized pension expense of \$ 234,254 for KPERS, \$ 181,954 for KP&F and \$ 3,962 for the Library. At December 31, 2015, the City and the Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

City		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 23,604	\$ 109,586
Net difference between projected and actual earnings on pension plan investments	-	173,298
Change of assumptions	-	58,593
Changes in proportionate share	369,312	250,677
City contributions subsequent to measurement date	314,937	-
Total	<u>\$ 707,853</u>	<u>\$ 592,154</u>
Library		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 5,473
Net difference between projected and actual earnings on pension plan investments	-	7,527
Change of assumptions	-	2,702
Changes in proportionate share	-	39,234
City contributions subsequent to measurement date	11,535	-
Total	<u>\$ 11,535</u>	<u>\$ 54,936</u>

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

6 - Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The \$ 314,937 and \$ 11,535 for the City and the Library, respectively, reported as deferred outflows of resources related to pensions resulting from the City's and Library's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	City
2016	\$ (104,531)
2017	(104,531)
2018	(104,531)
2019	120,251
2020	(5,896)
	<u>\$ (199,238)</u>
Year Ended June 30,	Library
2016	\$ (14,639)
2017	(14,639)
2018	(14,639)
2019	(5,858)
2020	(5,161)
	<u>\$ (54,936)</u>

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

6 - Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Actuarial assumptions. The total pension liability for KPERS in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Price inflation	3.00 percent
Wage inflation	4.00 percent
Salary increases, including wage increases	4.00 to 16.00 percent, including inflation
Long-term rate of return net of investment expense, and including price inflation	8.00 percent

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study conducted for the three year period ending December 31, 2012.

CITY OF ATCHISON, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

6 - Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Pension Plan's target asset allocations as of June 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	6.30%
Fixed income	13%	0.80%
Yield driven	8%	4.20%
Real return	11%	1.70%
Real estate	11%	5.40%
Alternatives	8%	9.40%
Short-term investments	2%	(0.50%)
Total	100%	

Discount rate. The discount rate used by KPERS to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the contractually required rate. The Local employers do not necessarily contribute the full actuarial determined rate. Based on legislation passed in 1993, the employer contribution rates certified by the KPERS Board of Trustees for this group may not increase by more than the statutory cap. The expected KPERS employer statutory contribution was modeled for future years, assuming all actuarial assumptions are met in future years. Employers contribute the full actuarial determined rate for KP&F. Future employer contribution rates were also modeled for KP&F assuming all actuarial assumptions are met in future years. Based on those assumptions, the Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

6 - Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Sensitivity of the City's proportionate share of the collective net pension liability to changes in the discount rate. The following presents the City's and the Library's proportionate share of the collective net pension liability calculated using the discount rate of 8.00%, as well as what the proportionate share of the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's KPERS proportionate share of the collective net pension liability	\$ 3,324,218	\$ 2,341,735	\$ 1,508,783
City's KP&F proportionate share of the collective net pension liability	3,756,129	2,586,554	1,598,663
Atchison Public Library's KPERS proportionate share of the collective net pension liability	274,465	193,346	124,573

Pension plan fiduciary net position. Detailed information about the Pension Plan's fiduciary net position is available in the separately issued KPERS financial report.

Prior period adjustment. The implementation of GASB 68 resulted in the following as of December 31, 2014.

	City	Library
Increase to:		
Net pension liability	\$ 4,450,840	\$ 210,666
Deferred outflows	404,157	11,459
Deferred inflows	950,977	56,402
Net position	4,997,660	255,609

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

7 - Other Postemployment Healthcare Benefits

Description. The City offers postemployment health insurance to retired employees. The benefits are provided through a single employer defined benefit postemployment healthcare plan administered by the City. Kansas statutes provide that postemployment healthcare benefits be extended to retired employees who have met age and/or service eligibility requirements until the individuals become eligible for Medicare coverage at age 65. The medical insurance benefit provides the same coverage for retirees and their dependents as for active employees and their dependents. The benefit is available for selection at retirement and is extended to early retirees with at least ten years of service and their dependents until the individuals become eligible for Medicare at 65. The plan does not issue a stand-alone financial report.

Funding Policy. The City provides health insurance benefits to retirees and their dependents in accordance with Kansas law (K.S.A. 12-5040). Kansas statutes, which may be amended by the state legislature, establish that participating retirees may be required to contribute to the employee group health benefits plan, including administrative costs at an amount not to exceed 125 percent of the premium cost for other similarly situated employees. The City requires participating retirees to contribute 100 percent of the composite premium cost of active employees to maintain coverage.

The City appropriates funds annually for the costs associated with this retirement benefit and provides funding for the expenditures on a pay-as-you-go basis through the General Fund. In 2015, the City contributed \$ 4,481 to the plan and participating retirees contributed \$ 0.

Annual OPEB Cost and Net OPEB Obligation. The City's annual OPEB (other post employment benefit) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period of not to exceed thirty years. The following table presents the components of the City's annual OPEB cost for the year, the amount contributed to the plan, and changes in the City's net OPEB obligation.

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

7 - Other Postemployment Healthcare Benefits (Continued)

Annual required contribution	\$ 146,436
Interest on net OPEB obligation	17,484
Adjustment to annual required contribution	<u>(26,242)</u>
Annual OPEB cost (expense)	137,678
Contributions made	<u>(4,481)</u>
Increase in net OPEB obligation	133,197
Net OPEB obligation, January 1, 2015	<u>499,546</u>
Net OPEB obligation, December 31, 2015	<u><u>\$ 632,743</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 and each of the two preceding years was as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 93,821	3%	\$ 363,972
2014	\$ 140,055	3%	\$ 499,546
2015	\$ 137,678	3%	\$ 632,743

Funded Status and Funding Progress. As of December 31, 2014, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$ 1,125,310. The City's policy is to fund the benefits on a pay-as-you-go basis, resulting in an unfunded actuarial accrued liability (UAAL) of \$ 1,125,310. The covered payroll (annual payroll of active employees covered by the plan) was \$ 4,294,868 and the ratio of the UAAL to the covered payroll was 26.2%.

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

7 - Other Postemployment Healthcare Benefits (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. The valuation includes, for example, assumptions about future employment, mortality and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with the past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2014 actuarial valuation, the projected unit credit method was applied. The actuarial assumptions included a 3.5 percent discount rate, which reflects the expected returns of asset classes stipulated in the investment policy underlying idle funds and recent return experience with cash flows that match the expected benefit payments to the City's current and future retirees. The valuation assumed annual healthcare cost trend rates of 8.0, 7.5, 7.0, 6.5, 6.0, 5.5, and 5.0 percent in the first seven years and an ultimate rate of 5.0 percent thereafter. The valuation assumed a 2.75 percent inflation rate. The UAAL is being amortized using the level dollar of projected payroll method over a period of 30 years with the remaining amortization period of 30 years. The amortization period used is open.

8 - Risk Management

The City is exposed to various risks of loss related to torts; damage to and destruction of assets; business interruptions; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years. There have not been significant reductions in coverage from prior years.

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

9 - Commitments and Contingencies

Capital Projects

The City has the following projects in progress at December 31, 2015:

	Costs to Date	Amount Authorized
General government:		
Airport master plan	\$ 55,700	\$ 55,700
Airport environmental assessment	90,429	99,400
Public Works office expansion	76,509	140,000
S Atchison trail project	51,717	59,388
Airport Hangar	256,716	328,205
	<u>\$ 531,071</u>	<u>\$ 682,693</u>
Wastewater:		
Biotower media	\$ 13,065	\$ 14,000
CSO 11th & 14th	66,019	676,259
CSO Flood Gates	95,530	614,580
	<u>\$ 174,614</u>	<u>\$ 1,304,839</u>
Water:		
DBP design/install	\$ 8,919,221	\$ 9,570,387
RWI Elevator	33,864	46,073
WTP repair basin leaks	17,671	34,240
WTP filter project	110,647	1,016,411
	<u>\$ 9,081,403</u>	<u>\$ 10,667,111</u>

Litigation

There are a number of claims and/or lawsuits to which the City is a party as a result of the ordinary course of City activities. The City management and legal counsel anticipate that the potential claims against the City not covered by insurance, if any, resulting from such matters would not materially affect the financial position of the City.

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

9 - Commitments and Contingencies (Continued)

Industrial Revenue Bonds

The City has issued industrial revenue bonds to finance the purchase of land and construction of facilities leased to local businesses. The lease agreements provide for rentals sufficient to service the related bonds. The debt service on these issues is paid solely from lease agreements; these issues do not constitute a debt of the City. The lessees have the option of purchasing the leased properties at any time during the lease periods for amounts sufficient to retire the related outstanding bonds. At the end of the lease periods, which conform to bond maturity schedules, the lessees may either purchase the property for a nominal amount or renew the leases annually at nominal amounts. As of December 31, 2015, industrial revenue bonds of \$ 38,510,000 are outstanding.

10 - Long-Term Debt

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities.

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

10 - Long-Term Debt (Continued)

General Obligation Bonds (Continued)

General obligation bonds payable at December 31, 2015 are comprised of the following issues:

	Callable Date	Interest Rates	Original Issue	Final Maturity Date	Principal Payments During 2015	Outstanding December 31, 2015
General Obligation Bonds:						
Governmental activities:						
Series 2007-A	9/1/2015	3.50% to 4.00%	\$ 2,300,000	2017	\$ 255,000	\$ 545,000
Series 2010-A	N/A	2.00% to 2.50%	110,319	2018	18,898	19,277
Series 2011-A	9/1/2019	2.00% to 4.15%	1,830,000	2031	135,000	1,435,000
Series 2014-A	9/1/2021	2.00% to 3.625%	4,645,000	2034	210,000	4,435,000
					618,898	6,434,277
Business-type activities:						
Series 2010-A	N/A	2.00% to 2.50%	6,124,681	2018	911,102	2,765,723
					\$ 1,530,000	\$ 9,200,000

The installment ranges for the general obligation bonds are the following:

	Installment Range	
	Low	High
General Obligation Bonds:		
Governmental activities:		
Series 2007-A	\$ 265,000	\$ 280,000
Series 2010-A	19,277	N/A
Series 2011-A	25,000	165,000
Series 2014-A	175,000	285,000
Business-type activities:		
Series 2010-A	860,000	975,000

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

10 - Long-Term Debt (Continued)

General Obligation Bonds (Continued)

The future annual requirements for general obligation bonds outstanding as of December 31, 2015 are as follows:

	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2016	\$ 664,277	\$ 189,250	\$ 930,724	\$ 66,816
2017	670,000	171,193	975,000	45,875
2018	395,000	152,738	859,999	21,500
2019	405,000	141,638	-	-
2020	415,000	130,163	-	-
2021-2025	1,820,000	496,320	-	-
2026-2030	1,115,000	289,988	-	-
2031-2034	950,000	84,345	-	-
	<u>\$ 6,434,277</u>	<u>\$ 1,655,635</u>	<u>\$ 2,765,723</u>	<u>\$ 134,191</u>

Capital Leases

The City has entered into lease agreements as lessee for financing the acquisition of equipment. These lease agreements qualify as capital leases and therefore have been recorded at the present value of their future minimum lease payments as of the inception date.

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

10 - Long-Term Debt (Continued)

Capital Leases (Continued)

The assets acquired through capital leases are as follows:

Asset:

Fire truck	\$ 246,422
Less accumulated depreciation	<u>(246,422)</u>
Net book value	<u>\$ -</u>
 Jet Vac truck	 \$ 206,000
Less accumulated depreciation	<u>(189,123)</u>
Net book value	<u>\$ 16,877</u>
 Street sweeper	 \$ 199,900
Less accumulated depreciation	<u>(21,655)</u>
Net book value	<u>\$ 178,245</u>
 Solid waste trucks	 \$ 436,110
Less accumulated depreciation	<u>(87,222)</u>
Net book value	<u>\$ 348,888</u>

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

10 - Long-Term Debt (Continued)

Capital Leases (Continued)

The following is a schedule of future minimum lease payments for capital leases as of December 31, 2015:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2016	\$ 28,364	\$ 179,532
2017	-	134,495
2018	-	134,495
2019	-	134,495
	<hr/> 28,364	<hr/> 583,017
Amount representing interest	<hr/> (1,273)	<hr/> (34,803)
	<hr/> <hr/> \$ 27,091	<hr/> <hr/> \$ 548,214

Revolving Loans Payable

The City entered into a loan agreement with the Kansas Department of Health and Environment (KDHE) on August 21, 2009. According to the agreement, KDHE will loan an amount not to exceed \$ 3,834,075 to the City for the purpose of replacing over 24,000 feet of deteriorated water line and constructing a new pump station. The interest rate on the loan is 3.75%. The first payment of principal and interest on the loan is to be made the earlier of two years after receipt by the City of the first disbursement under the loan or one year after project completion. The City was informed by KDHE on February 26, 2010 that principal forgiveness equal to 32% of the total construction contract amount as of February 17, 2010 was granted using American Recovery and Reinvestment Act (ARRA) funds. The project was completed in 2012 and the loan amount was finalized, and the repayment schedule was revised to reflect the amount of principal forgiven. The principal forgiven totaled \$ 909,359. As of December 31, 2015, the entirety of the available loan balance has been drawn down. Project costs of \$ 3,702,333 and \$ 100,455 of capitalized interest and fees have been incurred for this project. Principal and interest payments of \$ 111,559 and \$ 92,466, respectively, were made during 2015. The outstanding balance of \$ 2,381,834 is shown as a liability in the water fund.

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

10 - Long-Term Debt (Continued)

Revolving Loans Payable (Continued)

During 2012, the City entered into a loan agreement with KDHE. According to the agreement, KDHE will loan an amount not to exceed \$ 4,448,093 to the City for the purpose of replacing a pump station and constructing a new elevated water tower. The interest rate on the loan is 2.42%. The first payment of principal and interest on the loan is to be made the earlier of two years after receipt by the City or the first disbursement under the loan or one year after project completion. The project is complete and the loan amount and repayment schedule have been finalized. As of December 31, 2015, \$ 3,224,692 of the available loan balance has been drawn down and project costs of \$ 3,224,692 have been incurred for this project. Principal and interest payments of \$ 193,107 and \$ 45,355, respectively, were made during 2015. The outstanding balance of \$ 2,895,066 is shown as a liability in the water fund.

The following is a schedule of future debt maturities for the two revolving loans with finalized repayment schedules:

	Principal	Interest
	_____	_____
2016	\$ 241,518	\$ 139,282
2017	248,962	132,690
2018	256,646	125,884
2019	264,579	118,856
2020	272,768	111,600
2021 - 2025	1,496,300	440,582
2026 - 2030	1,744,929	220,039
2031 - 2034	751,198	28,967
	_____	_____
	\$ 5,276,900	\$ 1,317,900
	=====	=====

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

10 - Long-Term Debt (Continued)

Revolving Loans Payable (Continued)

The City entered into another loan agreement with the Kansas Department of Health and Environment (KDHE) during 2010. According to the agreement, KDHE will loan an amount not to exceed \$ 3,657,035 to the City for the purpose of wastewater force main upgrades. The interest rate on the loan is 2.84%. The first payment of principal and interest on the loan is to be made the earlier of two years after receipt by the City of the first disbursement under the loan or one year after project completion. Once the project is complete and the loan amount is finalized, the repayment schedule will be finalized. As of December 31, 2015, \$ 2,735,296 of the available loan balance has been drawn down and project costs of \$ 2,735,296 have been incurred for this project. Principal and interest payments of \$ 181,985 and \$ 58,948, respectively, were made during 2015. The outstanding balance of \$ 2,025,422 is shown as a liability in the wastewater fund.

During 2012, the City entered into a loan agreement with KDHE. According to the agreement, KDHE will loan an amount not to exceed \$ 9,594,373 to the City for the purpose of making improvements to the Atchison drinking water treatment plant. The interest rate on the loan is 2.23%. The first payment of principal and interest on the loan is to be made the earlier of two years after receipt by the City or the first disbursement under the loan or one year after project completion. Once the project is complete and the loan is finalized, the repayment schedule will be finalized. As of December 31, 2015, \$ 8,820,465 of the available loan balance has been drawn down and project costs of \$ 8,888,891 have been incurred. The outstanding balance of \$ 8,739,755 is shown as a liability in the water fund.

During 2015, the City entered into a loan agreement with KDHE. According to the agreement, KDHE will loan an amount not to exceed \$ 759,000 to the City for the purpose of water system repairs. The interest rate on the loan is 2.17%. The first payment of principal and interest on the loan is to be made the earlier of two years after receipt by the City or the first disbursement under the loan or one year after project completion. Once the project is complete and the loan is finalized, the repayment schedule will be finalized. As of December 31, 2015, \$ 95,604 of the available loan balance has been drawn down and project costs of \$ 112,544 have been incurred for this project. No principal or interest payments were made during 2015. The outstanding balance of \$ 112,543 is shown as a liability in the water fund.

CITY OF ATCHISON, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

10 - Long-Term Debt (Continued)

Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2015 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 7,053,175	\$ -	\$ (618,898)	\$ 6,434,277	\$ 664,277
Plus issuance premiums	26,728	-	(1,359)	25,369	-
Capital leases:					
Fire truck	52,966	-	(25,875)	27,091	27,091
Compensated absences	703,010	386,824	(482,463)	607,371	212,665
Net pension liability	3,750,525	297,272	-	4,047,797	-
Net other postemployment benefit obligation	499,546	137,678	(4,481)	632,743	-
Governmental activities long-term liabilities	<u>\$ 12,085,950</u>	<u>\$ 821,774</u>	<u>\$ (1,133,076)</u>	<u>\$ 11,774,648</u>	<u>\$ 904,033</u>
Business-type activities:					
Bonds payable:					
General obligation bonds	\$ 3,676,825	\$ -	\$ (911,102)	\$ 2,765,723	\$ 930,724
Plus issuance premiums	62,944	-	(15,736)	47,208	-
Loans payable	12,703,928	4,087,640	(636,948)	16,154,620	241,518
Capital leases:					
Jet Vac truck	86,126	-	(42,418)	43,708	43,708
Street sweeper	199,900	-	(40,079)	159,821	38,577
Solid waste trucks	436,110	-	(91,425)	344,685	82,702
Net pension liability	700,315	180,177	-	880,492	-
Compensated absences	111,471	84,454	(78,237)	117,688	42,844
Business-type activities long-term liabilities	<u>\$ 17,977,619</u>	<u>\$ 4,352,271</u>	<u>\$ (1,815,945)</u>	<u>\$ 20,513,945</u>	<u>\$ 1,380,073</u>
Component unit Library:					
Compensated absences	\$ 13,187	\$ 6,774	\$ (8,983)	\$ 10,978	\$ 8,983
Net pension liability	210,666	-	(17,320)	193,346	-
Component unit Library long-term liabilities	<u>\$ 223,853</u>	<u>\$ 6,774</u>	<u>\$ (26,303)</u>	<u>\$ 204,324</u>	<u>\$ 8,983</u>

For the governmental activities, compensated absences, net pension liability, and the net OPEB obligation are generally liquidated by the general fund.

CITY OF ATCHISON, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

11 - Interfund Transactions

Interfund transfers for the year ended December 31, 2015 consisted of the following:

Transfers out	Transfers in			
	General fund	Capital projects fund	Wastewater fund	Nonmajor proprietary fund
General fund	\$ -	\$ 300,000	\$ 21,157	\$ 92,181
Capital Projects	850,948	-	-	-
Nonmajor governmental funds	-	115,000	-	-
Water fund	380,847	4,676,701	-	-
Wastewater fund	334,459	522,336	-	-
Nonmajor proprietary funds	200,000	50,000	-	-
Total	<u>\$ 1,766,254</u>	<u>\$ 5,664,037</u>	<u>\$ 21,157</u>	<u>\$ 92,181</u>

Transfers are used to move revenues from the fund that statutes or the budget requires to collect them to the fund that statutes or the budget requires to expend them. Nonroutine transfers include transfers to the capital projects fund to fund capital projects and to the general fund to fund capital projects and from the water fund, wastewater fund, and nonmajor enterprise fund to the general fund for administrative services provided.

Capital asset transfers of \$ 4,223,796 occurred from the governmental activities to the business-type activities and are reported within transfers on the statement of activities.

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

12 - Required Improvements to Sanitary Sewer Collection System

Based upon an administrative order dated January 20, 2004 from the Kansas Department of Health and Environment (KDHE), the City is required to make improvements and replacements to the City's sanitary sewer collection system. Under the terms of the administrative order, a study was performed by an engineer to determine the extent and cost of the repairs. A second administrative order was issued on September 9, 2009 with updated mandates and new deadlines. The City appealed this administrative order and required a hearing which was postponed pending consent agreement negotiations. The negotiations were successful and the consent agreement was agreed upon in 2011. The consent agreement sets forth timelines for completion of certain updates and repairs to the City's sanitary sewer collection system. The City is also required to provide a plan to raise revenue via residential, industrial, and commercial sewer rate increases, sales tax, stormwater fees or other means over the next five years to the equivalent of \$ 3.1 million annually (after five years) to operate, upgrade and maintain the current wastewater utility treatment facilities and to complete the mandated projects. The City is required to spend \$ 12.4 million over a period of the first zero to five years of the consent agreement.

13 - Commitments and Contingencies – Encumbrances

The City uses encumbrances to control expenditure commitments for the year and to enhance cash management. Encumbrances represent commitments related to executory contracts not yet performed and purchase orders not yet filled. Commitments for cash expenditure of monies are encumbered to reserve a portion of applicable appropriations. Encumbrances still open at year-end are not accounted for as expenditures and liabilities, but, rather, as restricted, committed, or assigned fund balance. At December 31, 2015, the City's recorded encumbrances in budgeted governmental funds were as follows:

General	\$ <u>5,691</u>
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Required Supplementary Information

Required Sup.
Information

2015

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ATCHISON, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL

GENERAL FUND

Year Ended December 31, 2015

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:			
Taxes:			
Ad valorem taxes	\$ 2,358,373	\$ 2,353,558	\$ (4,815)
Delinquent taxes	50,000	71,424	21,424
Motor vehicle taxes	259,286	260,593	1,307
Vehicle excise taxes	140	902	762
Payments in lieu of taxes	23,500	21,501	(1,999)
Guest taxes	120,000	133,868	13,868
City sales taxes	1,641,250	1,629,061	(12,189)
Franchise taxes	1,588,662	1,420,580	(168,082)
Commercial vehicle taxes	-	10,378	10,378
Recreational vehicle taxes	1,470	1,510	40
16-20 M truck vehicle taxes	2,764	2,706	(58)
	<u>6,045,445</u>	<u>5,906,081</u>	<u>(139,364)</u>
Intergovernmental revenues:			
Special highway	59,290	63,330	4,040
Special liquor	30,757	31,866	1,109
	<u>90,047</u>	<u>95,196</u>	<u>5,149</u>
Charges for services	<u>218,647</u>	<u>388,453</u>	<u>169,806</u>
Licenses and permits	<u>93,200</u>	<u>72,891</u>	<u>(20,309)</u>
Interest on investments	<u>400</u>	<u>464</u>	<u>64</u>
Fines and fees	<u>240,000</u>	<u>188,751</u>	<u>(51,249)</u>
Miscellaneous:			
Sales of cemetery lots	1,500	7,800	6,300
Other	20,000	36,379	16,379
Management fee - Watershed	48,680	48,680	-
	<u>70,180</u>	<u>92,859</u>	<u>22,679</u>
Total revenues	<u>\$ 6,757,919</u>	<u>\$ 6,744,695</u>	<u>\$ (13,224)</u>

(Continued)

CITY OF ATCHISON, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL

GENERAL FUND

Year Ended December 31, 2015

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Expenditures:			
General government:			
City Manager:			
Personnel services	\$ 196,466	\$ 190,575	\$ 5,891
Contractual services	14,010	8,907	5,103
Materials and supplies	2,500	1,718	782
	<u>212,976</u>	<u>201,200</u>	<u>11,776</u>
Human resources:			
Personnel services	69,794	70,352	(558)
Contractual services	22,482	19,283	3,199
Materials and supplies	4,230	2,562	1,668
	<u>96,506</u>	<u>92,197</u>	<u>4,309</u>
Finance:			
Personnel services	339,064	327,902	11,162
Contractual services	98,975	84,954	14,021
Materials and supplies	5,700	3,611	2,089
	<u>443,739</u>	<u>416,467</u>	<u>27,272</u>
Municipal court:			
Personnel services	89,103	75,330	13,773
Contractual services	20,657	25,803	(5,146)
Materials and supplies	750	273	477
	<u>110,510</u>	<u>101,406</u>	<u>9,104</u>
Building official and buildings and grounds:			
Personnel services	323,337	223,462	99,875
Contractual services	188,720	109,299	79,421
Materials and supplies	3,400	1,725	1,675
	<u>\$ 515,457</u>	<u>\$ 334,486</u>	<u>\$ 180,971</u>

(Continued)

CITY OF ATCHISON, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL

GENERAL FUND

Year Ended December 31, 2015

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
AHCC:			
Personnel services	\$ 67,321	\$ 122,273	\$ (54,952)
Contractual services	90,755	81,408	9,347
Materials and supplies	-	91,284	(91,284)
	<u>158,076</u>	<u>294,965</u>	<u>(136,889)</u>
Other general government:			
Contractual services	558,981	562,831	(3,850)
Materials and supplies	8,000	-	8,000
Contingency	<u>250,000</u>	<u>-</u>	<u>250,000</u>
	<u>816,981</u>	<u>562,831</u>	<u>254,150</u>
Total general government	<u>2,354,245</u>	<u>2,003,552</u>	<u>350,693</u>
Public safety:			
Fire department:			
Personnel services	1,335,243	1,287,549	47,694
Contractual services	61,771	56,705	5,066
Materials and supplies	<u>31,300</u>	<u>23,248</u>	<u>8,052</u>
	<u>1,428,314</u>	<u>1,367,502</u>	<u>60,812</u>
Police department:			
Personnel services	1,560,103	1,559,957	146
Contractual services	23,550	22,094	1,456
Materials and supplies	<u>84,700</u>	<u>56,688</u>	<u>28,012</u>
	<u>1,668,353</u>	<u>1,638,739</u>	<u>29,614</u>
Animal control:			
Personnel services	37,844	33,423	4,421
Contractual services	16,100	11,143	4,957
Materials and supplies	<u>4,140</u>	<u>5,163</u>	<u>(1,023)</u>
	<u>58,084</u>	<u>49,729</u>	<u>8,355</u>
Total public safety	<u>\$ 3,154,751</u>	<u>\$ 3,055,970</u>	<u>\$ 98,781</u>

(Continued)

CITY OF ATCHISON, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL

GENERAL FUND

Year Ended December 31, 2015

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Public works:			
Engineering:			
Personnel services	\$ 159,183	\$ 160,981	\$ (1,798)
Contractual services	10,078	7,897	2,181
Materials and supplies	1,750	1,623	127
	<u>171,011</u>	<u>170,501</u>	<u>510</u>
Amelia Earhart Airport:			
Contractual services	24,516	31,075	(6,559)
Materials and supplies	60,500	65,142	(4,642)
	<u>85,016</u>	<u>96,217</u>	<u>(11,201)</u>
Fleet maintenance:			
Contractual services	2,444	1,073	1,371
Materials and supplies	104,140	124,633	(20,493)
	<u>106,584</u>	<u>125,706</u>	<u>(19,122)</u>
Santa Fe Depot:			
Contractual services	29,500	23,568	5,932
Materials and supplies	-	693	(693)
	<u>29,500</u>	<u>24,261</u>	<u>5,239</u>
Public works administration:			
Personnel services	1,084,530	1,009,838	74,692
Contractual services	35,763	33,019	2,744
Materials and supplies	281,350	250,502	30,848
	<u>1,401,643</u>	<u>1,293,359</u>	<u>108,284</u>
Total public works	<u>\$ 1,793,754</u>	<u>\$ 1,710,044</u>	<u>\$ 83,710</u>

(Continued)

CITY OF ATCHISON, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL

GENERAL FUND

Year Ended December 31, 2015

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Parks and recreation:			
Parks:			
Contractual services	\$ 88,300	\$ 98,768	\$ (10,468)
Materials and supplies	72,800	67,602	5,198
	<u>161,100</u>	<u>166,370</u>	<u>(5,270)</u>
Municipal pool:			
Personnel services	58,200	59,082	(882)
Contractual services	8,605	8,148	457
Materials and supplies	29,350	40,297	(10,947)
	<u>96,155</u>	<u>107,527</u>	<u>(11,372)</u>
Oak Hill Cemetery:			
Contractual services	7,000	9,290	(2,290)
Materials and supplies	3,000	-	3,000
	<u>10,000</u>	<u>9,290</u>	<u>710</u>
Total parks and recreation	<u>267,255</u>	<u>283,187</u>	<u>(15,932)</u>
Non-departmental:			
Contingency	<u>494,662</u>	<u>-</u>	<u>494,662</u>
Total expenditures	<u>8,064,667</u>	<u>7,052,753</u>	<u>1,011,914</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,306,748)</u>	<u>\$ (308,058)</u>	<u>\$ 998,690</u>

(Continued)

CITY OF ATCHISON, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL

GENERAL FUND

Year Ended December 31, 2015

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Other financing sources (uses):			
Sale of capital assets	\$ 62,566	\$ 50,752	\$ (11,814)
Transfers in	658,821	658,821	-
Transfers out	(385,000)	(385,000)	-
Total other financing sources (uses)	336,387	324,573	(11,814)
Net change in fund balances	(970,361)	16,515	986,876
Fund balances, beginning	1,183,017	1,669,626	486,609
Fund balances, ending	\$ 212,656	\$ 1,686,141	\$ 1,473,485

CITY OF ATCHISON, KANSAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2015

1 - General

All budgets are prepared utilizing the modified accrual basis further modified by the encumbrance method of accounting – that is, commitments such as purchase orders and contracts, in addition to disbursements and accounts payable, are recorded as expenditures.

2 - Reconciliation

Explanation of differences between budget and GAAP net change in fund balances:

Net change in fund balance - budget	\$	16,515
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Net change in fund balance for non-budgeted funds included with the
General Fund on GAAP basis financials:

Insurance reserve	(9,282)
Municipal equipment reserve	170,364
Law enforcement	772
Façade improvements	22

Encumbrances for equipment and supplies ordered but not yet received are reported in the year the orders are placed for budgetary purposes, but are reported in the year the equipment and supplies are received for GAAP purposes:

2015 encumbrances	5,691
2014 encumbrances	(31,640)

Net change in fund balance - GAAP	\$	152,442
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CITY OF ATCHISON, KANSAS

Schedule of the City's Proportionate Share of the Collective Net Pension Liability
 Kansas Public Employees Retirement System
 Last Two Fiscal Years¹

	<u>2015</u>	<u>2014</u>
City's proportion of the collective net pension liability:		
KPERS	0.178344%	0.151326%
KP&F	0.356217%	0.394653%
City's proportionate share of the collective net pension liability	\$ 4,938,289	\$ 4,450,840
City's covered-employee payroll	\$ 4,329,067	\$ 4,299,827
City's proportionate share of the collective net pension liability as a percentage of its covered-employee payroll	115%	104%
Plan fiduciary net position as a percentage of the total pension liability	64.95%	66.60%

¹ GASB 68 requires presentation of 10 years. Data was not available prior to fiscal year 2014.

CITY OF ATCHISON, KANSAS

ATCHISON PUBLIC LIBRARY

Schedule of the Library's Proportionate Share of the Collective Net Pension Liability
Kansas Public Employees Retirement System
Last Two Fiscal Years¹

	<u>2015</u>	<u>2014</u>
Library's proportion of the collective net pension liability:		
KPERS Atchison Public Library	0.014725%	0.017116%
Library's proportionate share of the collective net pension liability	\$ 193,346	\$ 210,666
Library's covered-employee payroll	\$ 246,283	\$ 282,085
Library's proportionate share of the collective net pension liability as a percentage of its covered-employee payroll	79%	75%
Plan fiduciary net position as a percentage of the total pension liability	64.95%	66.60%

¹ GASB 68 requires presentation of 10 years. Data was not available prior to fiscal year 2014.

CITY OF ATCHISON, KANSAS

Schedule of the City's Contributions Kansas Public Employees Retirement System Last Ten Fiscal Years

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Contractually required contribution	\$ 289,652	\$ 316,276	\$ 339,153	\$ 349,441	\$ 367,368	\$ 436,460	\$ 447,442	\$ 518,478	\$ 638,863	\$ 626,020
Contributions in relation to the contractually required contribution	<u>289,652</u>	<u>316,276</u>	<u>339,189</u>	<u>349,441</u>	<u>367,368</u>	<u>436,460</u>	<u>447,442</u>	<u>518,478</u>	<u>638,863</u>	<u>625,413</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (36)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 607</u>
City's covered-employee payroll	\$ 2,980,598	\$ 3,469,030	\$ 3,769,158	\$ 3,832,648	\$ 3,940,759	\$ 4,110,988	\$ 4,083,213	\$ 4,219,545	\$ 4,327,392	\$ 4,291,557
Contributions as a percentage of covered- employee payroll	9.72%	9.12%	9.00%	9.12%	9.32%	10.62%	11.69%	12.29%	14.76%	14.59%

CITY OF ATCHISON, KANSAS

ATCHISON PUBLIC LIBRARY

Schedule of the Library's Contributions Kansas Public Employees Retirement System Last Ten Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Contractually required contribution	\$ 5,084	\$ 7,326	\$ 10,366	\$ 13,451	\$ 15,709	\$ 15,598	\$ 20,579	\$ 23,615	\$ 22,953	\$ 22,594
Contributions in relation to the contractually required contribution	5,084	7,326	10,366	13,451	15,709	15,598	20,579	23,615	22,953	22,594
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Library's covered-employee payroll	\$ 133,306	\$ 169,977	\$ 210,269	\$ 242,794	\$ 255,030	\$ 231,428	\$ 280,365	\$ 297,421	\$ 259,654	\$ 238,337
Contributions as a percentage of covered-employee payroll	3.81%	4.31%	4.93%	5.54%	6.16%	6.74%	7.34%	7.94%	8.84%	9.48%

CITY OF ATCHISON, KANSAS

SCHEDULE OF FUNDING PROGRESS
POSTEMPLOYMENT BENEFITS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit Method (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2008	\$ -	\$ 200,479	\$ 200,479	0.0%	\$ 4,177,973	4.8%
1/1/2012	\$ -	\$ 715,731	\$ 715,731	0.0%	\$ 4,301,658	16.6%
1/1/2015	\$ -	\$ 1,125,310	\$ 1,125,310	0.0%	\$ 4,294,868	26.2%

Other Supplementary Information

Other Sup.
Information

2015

OTHER SUPPLEMENTARY INFORMATION

CITY OF ATCHISON, KANSAS

COMBINING BALANCE SHEET
GENERAL FUND

December 31, 2015

	General	Insurance Reserve	Municipal Equipment Reserve	Law Enforcement	Façade Improvements	Total General Fund
Assets:						
Cash and cash equivalents	\$ 1,606,028	\$ 164,800	\$ 313,176	\$ 7,234	\$ 46,467	\$ 2,137,705
Receivables (net of allowance for uncollectibles):						
Taxes	2,682,724	-	-	-	-	2,682,724
Accounts	71,708	-	-	-	-	71,708
Loans	-	-	-	-	53,646	53,646
Total assets	<u>\$ 4,360,460</u>	<u>\$ 164,800</u>	<u>\$ 313,176</u>	<u>\$ 7,234</u>	<u>\$ 100,113</u>	<u>\$ 4,945,783</u>
Liabilities, deferred inflows of resources and fund balances:						
Liabilities:						
Accounts payable	\$ 225,719	\$ 1,320	\$ -	\$ -	\$ -	\$ 227,039
Accrued payroll	158,600	-	-	-	-	158,600
Total liabilities	<u>384,319</u>	<u>1,320</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>385,639</u>
Deferred inflows of resources:						
Unavailable revenue - property taxes	<u>2,284,306</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,284,306</u>
Fund balances:						
Assigned	5,691	163,480	313,176	7,234	100,113	589,694
Unassigned	<u>1,686,144</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,686,144</u>
Total fund balances	<u>1,691,835</u>	<u>163,480</u>	<u>313,176</u>	<u>7,234</u>	<u>100,113</u>	<u>2,275,838</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,360,460</u>	<u>\$ 164,800</u>	<u>\$ 313,176</u>	<u>\$ 7,234</u>	<u>\$ 100,113</u>	<u>\$ 4,945,783</u>

CITY OF ATCHISON, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GENERAL FUND

Year Ended December 31, 2015

	General	Insurance Reserve	Municipal Equipment Reserve	Law Enforcement	Façade Improvements	Eliminations	Total General Fund
Revenues:							
Taxes:							
Property	\$ 2,701,071	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,701,071
Sales	1,629,061	-	-	-	-	-	1,629,061
Franchise	1,420,580	-	-	-	-	-	1,420,580
Transient guest	133,868	-	-	-	-	-	133,868
Payments in lieu of taxes	21,501	-	-	-	-	-	21,501
Intergovernmental	95,196	-	-	-	-	-	95,196
Licenses and permits	72,891	-	-	-	-	-	72,891
Charges for services	388,453	-	-	-	-	-	388,453
Fines and fees	188,751	-	-	-	-	-	188,751
Interest on investments	464	41	120	2	11	-	638
Other	92,859	-	-	840	11	-	93,710
Total revenues	<u>6,744,695</u>	<u>41</u>	<u>120</u>	<u>842</u>	<u>22</u>	<u>-</u>	<u>6,745,720</u>
Expenditures:							
Current:							
General government	2,027,969	29,428	-	-	-	-	2,057,397
Public works	1,711,076	-	-	-	-	-	1,711,076
Public safety	3,056,032	-	-	-	-	-	3,056,032
Parks and recreation	283,625	-	-	-	-	-	283,625
Debt service:							
Principal	-	-	25,875	-	-	-	25,875
Interest and fiscal charges	-	-	2,489	-	-	-	2,489
Capital outlay	-	-	870,487	70	-	-	870,557
Total expenditures	<u>7,078,702</u>	<u>29,428</u>	<u>898,851</u>	<u>70</u>	<u>-</u>	<u>-</u>	<u>8,007,051</u>
Excess/(deficiency) of revenues over (under) expenditures	<u>(334,007)</u>	<u>(29,387)</u>	<u>(898,731)</u>	<u>772</u>	<u>22</u>	<u>-</u>	<u>(1,261,331)</u>
Other financing sources (uses):							
Sale of capital assets	50,752	-	-	-	-	-	50,752
Insurance proceeds	-	10,105	-	-	-	-	10,105
Transfers in	658,821	10,000	1,182,433	-	-	(85,000)	1,766,254
Transfers out	<u>(385,000)</u>	<u>-</u>	<u>(113,338)</u>	<u>-</u>	<u>-</u>	<u>85,000</u>	<u>(413,338)</u>
Total other financing sources (uses)	<u>324,573</u>	<u>20,105</u>	<u>1,069,095</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,413,773</u>
Net change in fund balances	(9,434)	(9,282)	170,364	772	22	-	152,442
Fund balances, beginning of year	1,701,269	172,762	142,812	6,462	100,091	-	2,123,396
Fund balances, end of year	<u>\$ 1,691,835</u>	<u>\$ 163,480</u>	<u>\$ 313,176</u>	<u>\$ 7,234</u>	<u>\$ 100,113</u>	<u>\$ -</u>	<u>\$ 2,275,838</u>

CITY OF ATCHISON, KANSAS

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special Alcohol - to account for revenues and expenditures for the prevention of drug and alcohol abuse.

Special Parks and Recreation - to account for revenues and expenditures for the upkeep and upgrade of existing parks and recreation facilities.

Motor Fuel - to account for the City's highway aid payments distributed from the State.

DARE - to account for funds donated that will be used specifically for DARE activities in the Police Department.

Grants - to account for grant proceeds received from various funding sources.

Debt Service Fund

Debt Service Fund - to account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

CITY OF ATCHISON, KANSAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2015

	Special Alcohol	Special Parks and Recreation
Assets:		
Cash and cash equivalents	\$ 7,527	\$ 11,061
Accounts receivable	-	-
Taxes receivable	-	-
Intergovernmental receivable	-	-
	<hr/>	<hr/>
Total assets	<u>\$ 7,527</u>	<u>\$ 11,061</u>
Liabilities:		
Accounts payable	<u>\$ 312</u>	<u>\$ -</u>
Deferred inflows of resources:		
Unavailable revenue - property taxes	<hr/> -	<hr/> -
Fund balances:		
Restricted:		
Substance abuse prevention and emergency shelter	7,215	-
Capital projects and maintenance	-	-
Public safety	-	-
Parks and recreation facilities	-	11,061
Debt service	-	-
Assigned	<hr/> -	<hr/> -
	<hr/>	<hr/>
Total fund balances	<u>7,215</u>	<u>11,061</u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 7,527</u></u>	<u><u>\$ 11,061</u></u>

Special Revenue					
Motor Fuel	DARE	Grants	Total Special Revenue Funds	Debt Service	Total Nonmajor Governmental Funds
\$ 25,125	\$ 22,716	\$ 35,886	\$ 102,315	\$ 183,143	\$ 285,458
-	-	-	-	15,000	15,000
-	-	-	-	685,714	685,714
-	-	6,552	6,552	-	6,552
<u>\$ 25,125</u>	<u>\$ 22,716</u>	<u>\$ 42,438</u>	<u>\$ 108,867</u>	<u>\$ 883,857</u>	<u>\$ 992,724</u>
 \$ -	 \$ -	 \$ 7,283	 \$ 7,595	 \$ -	 \$ 7,595
 -	 -	 -	 -	 685,714	 685,714
 -	 -	 2,503	 9,718	 -	 9,718
25,125	-	25,480	50,605	-	50,605
-	-	2,870	2,870	-	2,870
-	-	4,302	15,363	-	15,363
-	-	-	-	99,452	99,452
-	22,716	-	22,716	98,691	121,407
<u>25,125</u>	<u>22,716</u>	<u>35,155</u>	<u>101,272</u>	<u>198,143</u>	<u>299,415</u>
<u>\$ 25,125</u>	<u>\$ 22,716</u>	<u>\$ 42,438</u>	<u>\$ 108,867</u>	<u>\$ 883,857</u>	<u>\$ 992,724</u>

CITY OF ATCHISON, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

Year Ended December 31, 2015

	Special Alcohol	Special Parks and Recreation
Revenues:		
Property taxes	\$ -	\$ -
Intergovernmental	31,866	31,866
Interest on investments	-	3
Other	-	-
Total revenues	31,866	31,869
Expenditures:		
Current:		
General government	49,315	-
Public safety	-	-
Parks and recreation	-	10,329
Debt service:		
Principal	-	-
Interest and fiscal charges	-	-
Total expenditures	49,315	10,329
Excess of revenues over (under) expenditures	(17,449)	21,540
Other financing uses:		
Transfers out	-	(20,000)
Total other financing uses	-	(20,000)
Net change in fund balances	(17,449)	1,540
Fund balances, beginning of year	24,664	9,521
Fund balances, ending	\$ 7,215	\$ 11,061

Special Revenue					
Motor Fuel	DARE	Grants	Total Special Revenue Funds	Debt Service	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 629,925	\$ 629,925
284,914	-	30,957	379,603	-	379,603
6	5	8	22	52	74
-	6,461	5,209	11,670	18,250	29,920
284,920	6,466	36,174	391,295	648,227	1,039,522
181,066	-	30,838	261,219	-	261,219
-	4,561	5,403	9,964	-	9,964
-	-	-	10,329	-	10,329
-	-	-	-	600,000	600,000
-	-	-	-	224,535	224,535
181,066	4,561	36,241	281,512	824,535	1,106,047
103,854	1,905	(67)	109,783	(176,308)	(66,525)
(95,000)	-	-	(115,000)	-	(115,000)
(95,000)	-	-	(115,000)	-	(115,000)
8,854	1,905	(67)	(5,217)	(176,308)	(181,525)
16,271	20,811	35,222	106,489	374,451	480,940
\$ 25,125	\$ 22,716	\$ 35,155	\$ 101,272	\$ 198,143	\$ 299,415

CITY OF ATCHISON, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL

SPECIAL ALCOHOL FUND

Year Ended December 31, 2015

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$ 30,757	\$ 30,757	\$ 31,866	\$ 1,109
Expenditures:				
Contractual services	32,000	50,000	49,315	685
Net change in fund balance	(1,243)	(19,243)	(17,449)	1,794
Fund balance, beginning	23,891	23,891	24,664	773
Fund balance, ending	<u>\$ 22,648</u>	<u>\$ 4,648</u>	<u>\$ 7,215</u>	<u>\$ 2,567</u>

CITY OF ATCHISON, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL

SPECIAL PARKS AND RECREATION FUND

Year Ended December 31, 2015

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 30,757	\$ 31,866	\$ 1,109
Interest on investments	-	3	3
Total revenues	30,757	31,869	1,112
Expenditures:			
Contractual services	12,500	10,329	2,171
Excess of revenues over expenditures	18,257	21,540	3,283
Other financing uses:			
Transfers out	(20,000)	(20,000)	-
Net change in fund balance	(1,743)	1,540	3,283
Fund balances, beginning	6,252	9,521	3,269
Fund balances, ending	\$ 4,509	\$ 11,061	\$ 6,552

CITY OF ATCHISON, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL

MOTOR FUEL FUND

Year Ended December 31, 2015

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 281,670	\$ 284,914	\$ 3,244
Interest on investments	10	6	(4)
Total revenues	281,680	284,920	3,240
Expenditures:			
Contractual services	183,476	181,066	2,410
Excess of revenues over expenditures	98,204	103,854	5,650
Other financing uses:			
Transfers out	(95,000)	(95,000)	-
Net change in fund balance	3,204	8,854	5,650
Fund balance, beginning	13,279	16,271	2,992
Fund balance, ending	<u>\$ 16,483</u>	<u>\$ 25,125</u>	<u>\$ 8,642</u>

CITY OF ATCHISON, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL

DEBT SERVICE FUND

Year Ended December 31, 2015

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes:			
Ad valorem tax	\$ 562,644	\$ 569,367	\$ 6,723
Recreational vehicle tax	322	331	9
16-20M vehicle tax	606	569	(37)
Motor vehicle tax	56,897	57,186	289
Commercial vehicle tax	-	2,273	2,273
Vehicle excise tax	72	199	127
	620,541	629,925	9,384
Interest on investments	440	52	(388)
Miscellaneous	18,250	18,250	-
Total revenues	639,231	648,227	8,996
Expenditures:			
Principal	390,000	600,000	(210,000)
Interest	74,070	224,535	(150,465)
Operating reserve	493,147	-	493,147
Total expenditures	957,217	824,535	132,682
Net change in fund balance	(317,986)	(176,308)	141,678
Fund balance, beginning	363,836	374,451	10,615
Fund balance, ending	\$ 45,850	\$ 198,143	\$ 152,293

CITY OF ATCHISON, KANSAS

AGENCY FUNDS

Amelia Earhart Festival – accounts for activities for the weeklong celebration of the life of Amelia Earhart. Events include live entertainment, food, arts & crafts, fireworks and award celebration.

Santa Fe Depot Enhancement – accounts for capital improvements to the historic Santa Fe depot building.

Veteran's Memorial Park – accounts for funds contributed to maintain the veterans pavilion within the riverfront park.

Jackson Park Revitalization – accounts for funds contributed to make improvements to Jackson Park.

The White Clay Watershed District - accounts for the ad valorem taxes levied by the White Clay Watershed District for maintenance and upkeep of the District.

CITY OF ATCHISON, KANSAS

COMBINING STATEMENT OF FIDUCIARY NET POSITION

ALL AGENCY FUNDS

December 31, 2015

	Amelia Earhart Festival	Santa Fe Depot Enhancement	Veteran's Memorial Park	Jackson Park Revitalization	White Clay Watershed District	Totals
Assets:						
Cash and cash equivalents	\$ 74,993	\$ 54,725	\$ 1,300	\$ 9,977	\$ 204,432	\$ 345,427
Liabilities:						
Due to others	\$ 74,993	\$ 54,725	\$ 1,300	\$ 9,977	\$ 204,432	\$ 345,427

CITY OF ATCHISON, KANSAS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

ALL AGENCY FUNDS

Year Ended December 31, 2015

	Balance January 1, 2015	Additions	Deductions	Balance December 31, 2015
<u>Amelia Earhart Festival</u>				
Assets:				
Cash and cash equivalents	\$ 105,029	\$ 428,476	\$ 458,512	\$ 74,993
Liabilities:				
Due to others	\$ 105,029	\$ 428,476	\$ 458,512	\$ 74,993
<u>Santa Fe Depot Enhancement</u>				
Assets:				
Cash and cash equivalents	\$ 54,689	\$ 10,036	\$ 10,000	\$ 54,725
Liabilities:				
Due to others	\$ 54,689	\$ 10,036	\$ 10,000	\$ 54,725
<u>Veteran's Memorial Park</u>				
Assets:				
Cash and cash equivalents	\$ 1,300	\$ -	\$ -	\$ 1,300
Liabilities:				
Due to others	\$ 1,300	\$ -	\$ -	\$ 1,300
<u>Jackson Park Revitalization</u>				
Assets:				
Cash and cash equivalents	\$ 9,975	\$ 2	\$ -	\$ 9,977
Liabilities:				
Due to others	\$ 9,975	\$ 2	\$ -	\$ 9,977

(Continued)

CITY OF ATCHISON, KANSAS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

ALL AGENCY FUNDS
(Continued)

Year Ended December 31, 2015

	Balance January 1, 2015	Additions	Deductions	Balance December 31, 2015
<u>White Clay Watershed District</u>				
Assets:				
Cash and cash equivalents	\$ 200,002	\$ 247,681	\$ 243,251	\$ 204,432
Liabilities:				
Due to others	\$ 200,002	\$ 247,681	\$ 243,251	\$ 204,432
<u>Total</u>				
Assets:				
Cash and cash equivalents	\$ 370,995	\$ 686,195	\$ 711,763	\$ 345,427
Liabilities:				
Due to others	\$ 370,995	\$ 686,195	\$ 711,763	\$ 345,427

CITY OF ATCHISON, KANSAS

BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNIT

PUBLIC LIBRARY

December 31, 2015

Assets:		
Cash	\$	562,523
Taxes receivable		<u>491,389</u>
Total assets	\$	<u><u>1,053,912</u></u>
Liabilities, deferred inflows of resources, and fund balances:		
Liabilities:		
Accounts payable	\$	11,442
Accrued payroll		<u>3,824</u>
Total liabilities		<u>15,266</u>
Deferred inflows of resources:		
Unavailable revenue - property taxes		<u>491,389</u>
Fund balances:		
Restricted:		
Building improvements		90,781
Reading programs		18,182
Books		5,307
Children's library		243,757
Assigned		<u>189,230</u>
Total fund balances		<u>547,257</u>
Total liabilities, deferred inflows of resources, and fund balances	\$	<u><u>1,053,912</u></u>

CITY OF ATCHISON, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
DISCRETELY PRESENTED COMPONENT UNIT

PUBLIC LIBRARY

Year Ended December 31, 2015

Revenues:	
Taxes	\$ 493,443
Charges for services	15,651
Grants and contributions	194,576
Investment earnings	<u>1,826</u>
Total revenues	705,496
Expenditures:	
Current:	
Education	<u>600,366</u>
Excess of revenues over expenditures	105,130
Fund balances, beginning	<u>442,127</u>
Fund balances, ending	<u><u>\$ 547,257</u></u>

Statistical Section

2015

STATISTICAL SECTION

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents	Page
Financial Trends	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	105
Revenue Capacity	
These schedules contain information to help the reader assess the City's most significant local revenue source, water/wastewater charges for services, as well as its property tax.	109
Debt Capacity	
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	118
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	121
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	123

CITY OF ATCHISON, KANSAS

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

(accrual basis of accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
Net investment in capital assets	\$7,368,011	\$10,131,595	\$ 11,639,769	\$ 12,292,827	\$ 12,347,223	\$ 12,272,996	\$ 13,313,242	\$ 14,739,011	\$ 14,706,052	\$ 16,480,463
Restricted	1,023,212	1,040,333	788,231	729,855	1,330,900	1,161,035	555,711	318,284	283,119	114,925
Unrestricted	52,536	(88,487)	247,430	422,843	327,526	1,585,199	2,161,847	3,038,112	4,016,612	(347,178)
Total Governmental activities net position	<u>\$8,443,759</u>	<u>\$11,083,441</u>	<u>\$ 12,675,430</u>	<u>\$ 13,445,525</u>	<u>\$ 14,005,649</u>	<u>\$ 15,019,230</u>	<u>\$ 16,030,800</u>	<u>\$ 18,095,407</u>	<u>\$ 19,005,783</u>	<u>\$ 16,248,210</u>
Business-type activities										
Net investment in capital assets	\$6,174,342	\$6,438,835	\$ 7,722,440	\$ 9,115,253	\$ 8,908,653	\$ 10,017,324	\$ 11,908,638	\$ 12,346,736	\$ 13,111,660	\$ 14,497,188
Unrestricted	2,344,098	2,844,053	1,892,254	2,264,559	4,262,522	5,044,982	5,991,187	6,209,967	6,619,694	5,012,895
Total business-type activities net position	<u>\$8,518,440</u>	<u>\$9,282,888</u>	<u>\$ 9,614,694</u>	<u>\$ 11,379,812</u>	<u>\$ 13,171,175</u>	<u>\$ 15,062,306</u>	<u>\$ 17,899,825</u>	<u>\$ 18,556,703</u>	<u>\$ 19,731,354</u>	<u>\$ 19,510,083</u>
Primary Government										
Net investment in capital assets	\$13,542,353	\$16,570,430	\$19,362,209	\$21,408,080	\$ 21,255,876	\$ 22,290,320	\$ 25,221,880	\$ 27,085,747	\$ 27,817,712	\$ 30,977,651
Restricted	1,023,212	1,040,333	788,231	729,855	1,330,900	1,161,035	555,711	318,284	283,119	114,925
Unrestricted	2,396,634	2,755,566	2,139,684	2,687,402	4,590,048	6,630,181	8,153,034	9,248,079	10,636,306	4,665,717
Total primary government net position	<u>\$16,962,199</u>	<u>\$20,366,329</u>	<u>\$22,290,124</u>	<u>\$24,825,337</u>	<u>\$ 27,176,824</u>	<u>\$ 30,081,536</u>	<u>\$ 33,930,625</u>	<u>\$ 36,652,110</u>	<u>\$ 38,737,137</u>	<u>\$ 35,758,293</u>

CITY OF ATCHISON, KANSAS

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental Activities:										
General Government	\$1,841,155	\$1,940,473	\$2,339,490	\$2,477,457	\$2,357,540	\$2,478,684	\$2,288,605	\$2,893,738	\$3,180,703	\$2,839,712
Public Safety	2,893,060	2,901,310	2,909,320	2,841,896	2,880,226	2,923,106	3,080,529	3,168,196	3,321,191	3,059,215
Public Works	1,051,183	1,250,995	1,335,063	1,388,693	1,469,786	1,718,105	1,815,676	2,110,116	2,100,754	2,109,452
Parks and Recreation	407,859	450,200	489,521	426,369	492,756	297,417	306,470	315,903	316,136	339,831
Economic Development	72,500	75,000	21,637	75,000	75,000	-	-	-	-	-
Interest on long-term debt	127,180	174,988	187,803	137,338	111,877	124,977	119,877	168,682	215,786	200,127
Total governmental activities expenses	6,392,937	6,792,966	7,282,834	7,346,753	7,387,185	7,542,289	7,611,157	8,656,635	9,134,570	8,548,337
Business-type activities:										
Water/Wastewater**	3,567,725	3,879,281	4,318,423	2,225,755	2,407,449	2,294,146	2,521,121	2,407,873	2,349,173	2,545,497
Wastewater	-	-	-	1,466,583	1,490,589	1,541,013	1,905,811	1,397,305	1,617,152	1,845,541
Refuse	320,476	355,787	388,867	363,721	372,578	360,427	384,657	390,426	406,798	891,962
Total business-type activities	3,888,201	4,235,068	4,707,290	4,056,059	4,270,616	4,195,586	4,811,589	4,195,604	4,373,123	5,283,000
Total primary government expenses	\$10,281,138	\$11,028,034	\$11,990,124	\$11,402,812	\$11,657,801	\$11,737,875	\$12,422,746	\$12,852,239	\$13,507,693	\$13,831,337
Program Revenues										
Governmental Activities:										
Charges for services:										
General Government	\$303,272	\$331,688	\$580,596	\$344,165	\$502,699	\$499,457	\$332,317	\$407,253	\$367,997	\$371,388
Public Safety	66,545	45,335	39,316	38,030	83,335	79,955	113,084	93,907	78,169	69,626
Public Works	32,000	32,000	33,040	81,015	142,574	296,747	141,045	123,093	128,992	332,939
Parks and Recreation	-	-	-	19,090	-	-	-	-	-	-
Economic Development	232	49	21	22	-	-	-	-	-	-
Operating grants and contributions	559,061	457,008	939,358	476,438	406,070	407,400	447,042	425,455	587,508	421,178
Capital grants and contributions	540,945	2,742,733	1,289,186	753,526	268,115	515,552	545,799	955,506	456,776	400,617
Total governmental activities program revenues	1,502,055	3,608,813	2,881,517	1,712,286	1,402,793	1,799,111	1,579,287	2,005,214	1,619,442	1,595,748
Business-type activities:										
Charges for services:										
Water/Wastewater**	3,924,973	4,022,503	4,043,258	2,733,628	3,621,075	3,703,515	3,888,189	4,089,692	3,979,202	4,069,473
Wastewater	-	-	-	1,302,014	1,576,158	1,472,145	1,808,743	1,801,135	1,924,969	2,433,689
Refuse	379,024	382,758	393,240	433,934	461,034	483,976	504,428	525,292	551,126	147,808
Operating grants and contributions	-	-	17,017	-	-	-	-	-	-	-
Capital grants and contributions	-	-	273,054	688,610	39,071	22,788	1,219,916	4,065	-	-
Total business-type activities program revenues	4,303,997	4,405,261	4,726,569	5,158,186	5,697,338	5,682,424	7,421,276	6,420,184	6,455,297	6,650,970
Total primary government program revenues	\$5,806,052	\$8,014,074	\$7,608,086	\$6,870,472	\$7,100,131	\$7,481,535	\$9,000,563	\$8,425,398	\$8,074,739	\$8,246,718
Net (Expense)/Revenue										
Governmental activities	(\$4,890,882)	(\$3,184,153)	(\$4,401,317)	(\$5,634,467)	(\$5,984,392)	(\$5,743,178)	(\$6,031,870)	(\$6,651,421)	(\$7,515,128)	(\$6,952,589)
Business-type activities	415,796	170,193	19,279	1,102,127	1,426,722	1,486,838	2,609,687	2,224,580	2,082,174	1,367,970
Total primary government net expense	(\$4,475,086)	(\$3,013,960)	(\$4,382,038)	(\$4,532,340)	(\$4,557,670)	(\$4,256,340)	(\$3,422,183)	(\$4,426,841)	(\$5,432,954)	(\$5,584,619)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$2,810,920	\$2,724,260	\$2,730,417	\$3,423,769	\$3,406,690	\$3,231,311	\$3,211,414	\$3,244,470	\$3,226,669	\$3,330,996
Sales taxes	1,571,561	1,583,031	1,589,234	1,524,783	1,520,429	1,587,341	1,651,096	2,532,109	2,420,909	1,629,061
Franchise Taxes	820,181	794,595	850,200	787,184	842,672	1,304,264	1,323,711	1,324,543	1,509,455	1,420,580
Guest taxes	80,760	85,169	92,350	91,803	115,218	-	-	-	136,092	133,868
Payments in lieu of taxes	25,842	26,641	27,842	-	51,172	23,639	24,033	23,594	23,307	21,501
Unrestricted investment earnings	89,807	151,462	39,002	11,948	16,246	24,660	27,157	1,272	443	1,242
Gain on disposal of asset	36,708	14,620	-	-	3,169	-	13,522	18,292	32,291	40,664
Transfers	481,970	444,057	664,261	565,075	588,920	585,544	792,507	1,571,748	1,076,338	1,827,209
Total governmental activities	5,917,749	5,823,835	5,993,306	6,404,562	6,544,516	6,756,759	7,043,440	8,716,028	8,425,504	8,405,121
Business-type activities:										
Sales Taxes	947,023	920,121	927,154	945,042	937,296	974,892	996,021	-	165,123	980,458
Unrestricted investment earnings	67,086	118,191	44,339	10,159	16,265	14,945	24,318	2,076	592	1,276
Gain on disposal of asset	32,133	-	5,295	-	-	-	-	1,970	3,100	43,789
Transfers	(481,970)	(444,057)	(664,261)	(565,075)	(588,920)	(585,544)	(792,507)	(1,571,748)	(1,076,338)	(1,827,209)
Total business-type activities	564,272	594,255	312,527	390,126	364,641	404,293	227,832	(1,567,702)	(907,523)	(801,686)
Total primary government	\$6,482,021	\$6,418,090	\$6,305,833	\$6,794,688	\$6,909,157	\$7,161,052	\$7,271,272	\$7,148,326	\$7,517,981	\$7,603,435
Change in Net Position										
Governmental activities	\$1,026,867	\$2,639,682	\$1,591,989	\$770,095	\$560,124	\$1,013,581	\$1,011,570	\$2,064,607	\$910,376	\$1,452,532
Business-type activities	980,068	764,448	331,806	1,492,253	1,791,363	1,891,131	2,837,519	656,878	1,174,651	566,284
Total primary government	\$2,006,935	\$3,404,130	\$1,923,795	\$2,262,348	\$2,351,487	\$2,904,712	\$3,849,089	\$2,721,485	\$2,085,027	\$2,018,816

**Water and Wastewater funds combined thru 2008, shown separately in 2009

CITY OF ATCHISON, KANSAS
FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Assigned										
Purchases on order	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,177	\$ 68,821	\$ 48,372	\$ 31,643	\$ 5,691
Subsequent year's budget appropriation of fund balances	-	-	-	-	-	519,076	681,667	708,475	422,127	584,003
Unassigned	-	-	-	-	-	1,571,238	2,073,289	2,042,639	1,669,626	1,686,144
Reserved	14,471	68,008	16,859	54,484	40,896	-	-	-	-	-
Unreserved	499,418	245,602	403,852	525,684	1,016,875	-	-	-	-	-
Total general fund	<u>\$513,889</u>	<u>\$313,610</u>	<u>\$420,711</u>	<u>\$580,168</u>	<u>\$1,057,771</u>	<u>\$2,119,491</u>	<u>\$2,823,777</u>	<u>\$2,799,486</u>	<u>\$2,123,396</u>	<u>\$2,275,838</u>
All Other Governmental Funds										
Restricted for:										
General Government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 309,629	\$ -	\$ -	\$ -	\$ -
Substance abuse prevention and emergency shelter	-	-	-	-	-	-	16,592	23,424	27,197	9,718
Debt service fund	-	-	-	-	-	-	216,280	244,296	294,062	99,452
Capital projects and maintenance	-	-	-	-	-	863,132	335,267	1,731,467	35,585	50,605
Public Safety	-	-	-	-	-	1,967	1,920	1,773	1,548	2,870
Parks and Recreation facilities	-	-	-	-	-	12,553	19,860	19,093	13,348	15,363
Assigned	-	-	-	-	-	239,267	217,040	1,300,490	3,095,772	2,659,685
Reserved for:										
Encumbrances	499,503	1,687,814	3,454	5,214	434,133	-	-	-	-	-
Revolving loan program	363,414	372,831	374,519	374,908	-	-	-	-	-	-
Unreserved reported in:										
Debt service fund	255,842	404,553	244,629	159,454	229,922	-	-	-	-	-
Special revenue funds	295,535	200,170	423,376	232,822	226,510	-	-	-	-	-
Capital project funds	(400,195)	(1,238,190)	208,048	415,120	451,280	-	-	-	-	-
Total all other governmental funds	<u>\$1,014,099</u>	<u>\$1,427,178</u>	<u>\$1,254,026</u>	<u>\$1,187,518</u>	<u>\$1,341,845</u>	<u>\$ 1,426,548</u>	<u>\$ 806,959</u>	<u>\$ 3,320,543</u>	<u>\$ 3,467,512</u>	<u>\$ 2,837,693</u>

Information presented for 2011 uses the new fund balance reporting required by GASB 54. Prior years are not restated.

CITY OF ATCHISON, KANSAS
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Taxes:										
Property	\$2,810,920	\$2,724,260	\$2,730,417	\$3,423,769	\$3,406,690	\$3,231,311	\$3,211,414	\$3,244,470	\$3,226,669	\$3,330,996
Sales	1,571,561	1,583,031	1,589,234	1,524,783	1,520,429	1,587,341	1,651,096	2,532,109	2,420,909	1,629,061
Franchise	820,181	794,595	850,200	787,184	842,672	1,304,264	1,323,711	1,324,543	1,509,455	1,420,580
Guest	80,760	85,169	92,350	91,803	115,218	-	-	-	136,092	133,868
Payments in lieu of taxes	25,842	26,641	27,842	-	51,172	23,639	24,033	23,594	23,307	21,501
Intergovernmental	897,014	1,856,197	1,919,213	1,078,482	661,180	884,926	911,355	1,342,114	835,691	720,474
Licenses and permits	29,151	44,798	204,802	84,724	89,050	103,960	104,016	92,406	45,131	72,891
Charges for services	83,030	56,326	54,704	104,847	151,480	191,121	167,535	158,084	176,879	388,453
Fines and fees	118,899	114,738	157,196	164,096	243,079	329,666	148,168	244,265	225,256	188,751
Special Assessments	39,189	31,155	30,343	29,410	32,707	30,296	29,162	-	-	-
Interest on investments	89,807	151,462	39,002	11,948	16,246	24,660	27,156	1,272	443	1,242
Other	343,239	293,856	368,143	140,914	163,505	121,572	215,551	158,267	157,654	209,839
Total Revenues	6,909,593	7,762,228	8,063,446	7,441,960	7,293,428	7,832,756	7,813,197	9,121,124	8,757,486	8,117,656
Expenditures										
General government	1,451,294	1,599,794	1,830,484	1,905,569	1,855,886	1,923,128	1,735,879	2,335,663	2,544,990	2,318,616
Public works	911,653	1,003,387	1,101,121	1,090,137	1,191,008	1,450,485	1,556,253	1,630,158	1,824,005	1,750,137
Public safety	2,775,108	2,706,958	2,742,071	2,707,129	2,736,583	2,901,700	2,867,512	2,996,695	3,085,288	3,065,996
Parks and recreation	384,879	394,867	464,833	399,842	465,038	256,922	258,620	267,308	270,144	293,954
Economic development	72,500	75,000	21,637	75,000	75,000	-	-	-	-	-
Debt Service										
Principal	676,769	580,112	625,260	679,987	508,623	544,175	565,352	466,769	483,241	644,773
Interest	128,962	149,631	207,381	146,095	117,500	97,380	141,592	105,838	100,743	227,024
Debt Issuance Costs	-	-	-	-	-	31,756	-	34,236	60,646	-
Capital outlay	2,254,542	3,436,283	2,725,395	937,966	480,777	2,121,270	1,458,341	5,171,046	10,363,991	6,406,395
Total Expenditures	8,655,707	9,946,032	9,718,182	7,941,725	7,430,415	9,326,816	8,583,549	13,007,713	18,733,048	14,706,895
Excess of revenues over/(under) expenditures	(1,746,114)	(2,183,804)	(1,654,736)	(499,765)	(136,987)	(1,494,060)	(770,352)	(3,886,589)	(9,975,562)	(6,589,239)
Other Financing Sources (Uses)										
Payment to refund temporary notes	-	(536,000)	-	-	-	-	-	-	(2,550,000)	-
Proceeds of general obligation bonds	-	2,300,000	-	-	110,319	1,830,000	-	-	4,645,000	-
Sale of capital assets	50,116	31,202	44,961	27,639	50,753	177,015	58,502	37,728	46,210	50,752
Insurance Proceeds	-	-	218,574	-	-	-	-	-	164,912	10,105
Proceeds from capital leases	365,347	-	-	-	-	-	-	-	-	-
Proceeds from temporary notes	536,000	-	-	-	-	-	-	2,550,000	-	-
Bond premium	-	-	-	-	-	-	-	-	27,408	-
Transfers in	1,274,748	1,361,416	2,030,108	1,121,567	1,112,651	997,418	1,103,919	4,825,154	8,047,911	7,430,291
Transfers out	(637,848)	(760,014)	(704,958)	(556,492)	(504,806)	(363,950)	(307,372)	(1,037,000)	(935,000)	(1,379,286)
Total other financing sources (uses)	1,588,363	2,396,604	1,588,685	592,714	768,917	2,640,483	855,049	6,375,882	9,446,441	6,111,862
Net change in fund balances	(\$157,751)	\$212,800	(\$66,051)	\$92,949	\$631,930	\$1,146,423	\$84,697	\$2,489,293	(\$529,121)	(\$477,377)
Debt service as a percentage of noncapital expenditures	12.6%	11.2%	11.9%	11.8%	9.0%	8.9%	9.8%	5.6%	6.9%	10.5%

CITY OF ATCHISON, KANSAS
WATER PRODUCED AND CONSUMED

LAST TEN FISCAL YEARS
(thousands of gallons)

Fiscal Year	Gallons of Water Produced	Gallons of Water Consumed	Gallons of Water Unbilled		Average Percent Unbilled	Base Rate
			Metered Provided For Free	Unaccounted For Water		
2006	1,429,907	1,023,465	58,201	348,241	28.42%	17.00
2007	1,571,009	988,500	124,713	457,796	37.08%	17.00
2008	1,545,869	1,163,432	118,769	263,667	24.74%	17.00
2009	1,491,859	959,947	69,043	462,869	35.65%	18.70
2010	1,599,504	1,094,121	69,043	445,141	32.15%	23.38
2011	1,525,572	1,149,030	90,295	286,246	24.68%	24.08
2012	1,560,120	1,178,786	75,151	306,184	24.44%	24.80
2013	1,494,244	1,095,987	89,359	308,898	26.65%	26.29
2014	1,392,016	1,069,542	78,489	248,952	23.52%	27.34
2015	1,421,828	1,103,430	104,661	213,737	22.39%	29.34

Source: City of Atchison Water Use reports

Base rate shown is for a 5/8" meter. See the Water Rate Schedule for other meter sizes and usage charges.

CITY OF ATCHISON, KANSAS

ANNUAL TAP SALES

LAST TEN FISCAL YEARS

Fiscal Year	Water Meter Taps Sold
2006	31
2007	18
2008	12
2009	16
2010	18
2011	8
2012	5
2013	8
2014	8
2015	1

Source: City of Atchison Water Utility

CITY OF ATCHISON, KANSAS

NUMBER OF WATER CUSTOMERS BY TYPE

LAST TEN FISCAL YEARS

Fiscal Year	Water Customers			Rural Water Districts	Total
	Residential	Commercial	Industrial		
2006	3,718	428	41	7	4,194
2007	3,750	401	41	7	4,199
2008	3,776	401	41	7	4,225
2009	3,716	439	37	7	4,199
2010	3,716	470	4	7	4,197
2011	3,700	433	42	6	4,181
2012	3,672	433	42	6	4,153
2013	3,648	433	42	6	4,129
2014	3,624	431	42	6	4,103
2015	3,639	426	41	6	4,112

Source: City of Atchison Water Use reports

CITY OF ATCHISON, KANSAS

WATER RATES

LAST TEN FISCAL YEARS

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Minimum Monthly Rates- All account types										
5/8 inch meter	\$ 17.00	\$ 17.00	\$ 17.00	\$ 18.70	\$ 23.38	\$ 24.08	\$ 24.80	\$ 26.29	\$ 27.34	\$ 29.34
3/4 inch meter	27.50	27.50	27.50	30.25	37.81	38.94	40.11	42.15	43.84	45.84
1 inch meter	45.50	45.50	45.50	50.05	62.56	64.43	66.36	70.34	73.15	75.15
1.5 inch meter	85.00	85.00	85.00	93.50	116.88	120.39	124.00	131.44	136.70	143.53
2 inch meter	115.00	115.00	115.00	126.50	158.13	162.87	167.76	177.82	184.93	194.18
3 inch meter	225.00	225.00	225.00	247.50	309.38	318.66	328.22	347.91	361.82	379.91
4 inch meter	375.00	375.00	375.00	412.50	515.63	531.10	547.03	579.85	603.05	633.19
6 inch meter	495.00	495.00	495.00	544.50	680.63	701.05	722.08	765.41	796.02	835.82
8 inch meter	575.00	575.00	575.00	632.50	790.63	814.35	838.78	889.11	924.67	970.90
Additional Monthly Charges- Residential										
0-1,997 gallons consumed (per 1,000 gallons)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,998-4,989	2.957	2.957	2.957	3.254	4.067	4.189	4.315	4.574	4.757	4.757
4,990-9,971	2.868	2.868	2.868	3.154	3.943	4.061	4.183	4.434	4.612	4.612
9,972-49,860	2.727	2.727	2.727	3.000	3.750	3.863	3.978	4.217	4.386	4.386
49,861-99,731	2.546	2.546	2.546	2.801	3.502	3.607	3.715	3.938	4.096	4.096
99,732-199,469	2.346	2.346	2.346	2.581	3.226	3.323	3.423	3.628	3.773	3.773
Additional Monthly Charges Rates- Industrial										
0-49,869 gallons consumed (per 1,000 gallons)	\$ -	\$ -	\$ -	\$ 2.768	\$ 3.461	\$ 3.564	\$ 3.671	\$ 3.892	\$ 4.047	\$ 4.250
49,870-99,731	2.436	2.436	2.436	2.680	3.350	3.451	3.554	3.768	3.918	\$ 4.114
99,732-149,600	2.155	2.155	2.155	2.371	2.964	3.053	3.145	3.333	3.467	\$ 3.640
149,601-199,469	1.975	1.975	1.975	2.173	2.716	2.798	2.881	3.054	3.177	\$ 3.335
199,470-997,331	1.624	1.624	1.624	1.787	2.233	2.300	2.369	2.512	2.612	\$ 2.743
997,332-4,986,669	1.323	1.323	1.323	1.456	1.820	1.875	1.931	2.047	2.128	\$ 2.235
4,986,670-9,973,331	0.601	0.601	0.601	0.662	0.827	0.852	0.878	0.930	0.968	\$ 1.016
9,973,331 and above	0.511	0.511	0.511	0.563	0.703	0.724	0.746	0.791	0.822	\$ 0.864

Source: City of Atchison Water Utility

Rates presented are for customers within the city limits. Customers outside the city limits are charged higher rates.

A 25% rate increase was effective with the January 2010 billing period. The 2015 rate increase was \$2 per month for residential customers with meters 1" or smaller. Residential customers with larger meters and all commercial and industrial users saw a 5% rate increase for the base charge and usage.

CITY OF ATCHISON, KANSAS
PRINCIPAL WATER PURCHASERS
CURRENT YEAR AND NINE YEARS AGO

Water Purchaser	2015			2006		
	Gallons Consumed	Rank	Percentage of Total Gallons Consumed	Gallons Consumed	Rank	Percentage of Total Gallons Consumed
MGP Ingredients	646,769,390	1	53.54%	464,118,629	1	42.91%
Rural Water District #5	97,472,600	2	8.07%	147,652,500	2	13.65%
Bradken/Atchison Casting	32,434,926	3	2.68%	24,317,450	3	2.25%
Rural Water District #6	22,904,284	4	1.90%	19,781,608	4	1.83%
Benedictine College	22,475,380	5	1.86%	18,670,102	5	1.73%
Bunge	12,357,850	6	1.02%	12,440,377	6	1.15%
Rural Water District #1	12,151,260	7	1.01%			0.00%
Mount St. Scholastica	7,509,546	8	0.62%	6,698,340	8	0.62%
Atchison Public Schools	5,283,498	9	0.44%	5,181,964	10	0.48%
Atchison Hospital	4,192,398	10	0.35%	5,302,108	9	0.49%
Golden Star Inc.	-		-	8,909,278	7	0.82%
Total	863,551,132		71.48%	713,072,356		65.92%

Source: City of Atchison Water Department.

CITY OF ATCHISON, KANSAS

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

Fiscal Year	Real Estate	Personal Property	Utilities	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Value	Assessed to Total Estimated Actual Value
2006	\$ 47,343,216	\$ 8,927,586	\$ 5,142,723	\$ 6,489,954	\$ 54,923,571	\$ 51.030	\$ 359,194,029	15.29%
2007	52,509,268	9,346,970	4,759,355	6,704,034	59,911,559	45.494	417,388,916	14.35%
2008	54,566,560	8,436,366	4,564,451	6,940,075	60,627,302	46.478	437,709,006	13.85%
2009	56,926,494	7,018,204	4,371,716	7,202,148	61,114,266	57.365	446,183,278	13.70%
2010	58,326,077	6,209,979	4,349,715	7,210,601	61,675,170	57.181	445,328,629	13.85%
2011	60,339,718	5,518,345	4,692,455	7,449,991	63,100,527	52.880	446,170,360	14.14%
2012	60,578,300	4,738,734	4,932,363	8,853,139	61,396,258	54.069	446,386,760	13.75%
2013	59,969,135	4,436,095	8,038,200	9,229,156	63,214,274	52.935	448,955,869	14.08%
2014	62,721,455	4,227,171	5,849,040	11,097,689	61,699,977	54.234	448,488,713	13.76%
2015	63,090,321	3,814,598	5,927,124	8,717,980	64,114,063	54.089	446,843,583	14.35%

Source: Atchison County Clerk

Note: Does not include penalty amounts

CITY OF ATCHISON, KANSAS

DIRECT AND OVERLAPPING PROPERTY TAX RATES
(PER \$ 1,000 OF ASSESSED VALUE)

LAST TEN FISCAL YEARS

Fiscal Year	City Direct Rates				White Clay #26 Watershed	USD 409	Atchison County	State of Kansas	Total
	Basic Rate	Debt Service	Library	Total Direct Rate					
2006	\$ 36.935	\$ 7.982	\$ 6.113	\$ 51.030	\$ 2.301	\$ 59.749	\$ 40.900	\$ 1.500	\$ 155.480
2007	32.460	7.318	5.716	45.494	2.253	62.839	40.888	1.500	152.974
2008	32.808	7.571	6.099	46.478	2.535	59.137	42.967	1.500	152.617
2009	42.071	8.524	6.770	57.365	2.625	59.645	45.870	1.500	167.005
2010	42.100	8.306	6.775	57.181	2.801	62.804	46.658	1.500	170.944
2011	37.892	8.255	6.733	52.880	2.797	61.212	46.621	1.500	165.010
2012	39.296	8.002	6.771	54.069	2.998	62.603	48.722	1.500	169.892
2013	38.166	8.000	6.769	52.935	2.883	63.453	50.435	1.500	171.206
2014	38.734	8.500	7.000	54.234	2.883	63.180	50.984	1.500	172.781
2015	38.132	8.976	6.981	54.089	2.885	60.373	53.841	1.500	172.688

Source: Atchison County Clerk

CITY OF ATCHISON, KANSAS

PRINCIPAL PROPERTY TAX PAYERS

CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2015			2006		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
MGP Ingredients	\$4,208,822	1	6.56%	\$6,208,789	1	11.30%
Bradken	3,321,022	2	5.18%	1,133,581	5	2.06%
Bartlett Grain	2,925,804	3	4.56%			
Wal-Mart	2,205,333	4	3.44%	2,813,578	2	5.12%
Northwest Pipe	1,564,544	5	2.44%	627,236	7	1.14%
Blish-Mize	1,243,439	6	1.94%	1,136,370	4	2.07%
Golden Star	1,029,351	7	1.61%			
Agree Atchison	879,068	8	1.37%			
Northwest Pipe	374,008	9	0.58%	371,515		0.68%
Right On Track LLC	364,800	10	0.57%	322,584	10	0.59%
Americast Technologies				1,271,115	3	2.31%
Garrett Brothers				527,963	6	0.96%
Atchison Hospital				382,133	8	0.70%
Unit Rail Anchor				342,153	9	0.62%
Total	<u>\$18,116,191</u>		<u>28%</u>	<u>\$15,137,017</u>		<u>28%</u>

Source: Atchison County Clerk

CITY OF ATCHISON, KANSAS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year	Total Tax Levy	Current Tax Collections	Percentage of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Total Collections as a Percent of Current Tax Levy	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as a Percent of Current Levy
2006	\$ 3,137,519	\$ 2,723,053	86.79%	\$ 71,191	\$ 2,794,244	89.06%	\$ 91,518	2.92%
2007	3,032,818	2,647,672	87.30%	104,058	2,751,730	90.73%	8,765	0.29%
2008	2,990,086	2,930,659	98.01%	30,022	2,960,681	99.02%	29,405	0.98%
2009	3,684,215	3,610,823	98.01%	3,691	3,614,513	98.11%	69,702	1.89%
2010	3,715,137	3,620,578	97.45%	NA	3,620,578	97.45%	94,559	2.55%
2011	3,528,503	3,237,885	91.76%	NA	3,237,885	91.76%	290,618	8.24%
2012	3,523,660	3,407,816	96.71%	NA	3,407,816	96.71%	115,844	3.29%
2013	3,550,247	3,507,029	98.78%	NA	3,507,029	98.78%	43,218	1.22%
2014	3,543,729	3,498,445	98.72%	NA	3,498,445	98.72%	45,284	1.28%
2015	3,680,770	3,528,405	95.86%	NA	3,528,405	95.86%	152,365	4.14%

Source: Atchison County Treasurer
NA= not available

CITY OF ATCHISON, KANSAS

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities			Business-type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds, Net	Other Loans	Capital Leases	General Obligation Bonds, Net	Capital Leases	Revolving Loans			
2006	\$ 2,305,000	\$ 67,418	\$ 317,372	\$ 9,775,000	\$ 189,837	\$ -	\$ 12,654,627	4.59%	\$ 1,237
2007	4,105,000	32,945	271,733	8,920,000	125,957	-	13,455,635	4.69%	1,325
2008	3,545,000	-	223,969	8,040,000	59,236	-	11,868,205	3.95%	1,178
2009	2,915,000	-	173,982	7,125,000	18,663	283,649	10,516,294	3.56%	1,011
2010	2,545,319	-	145,359	6,629,681	-	4,466,912	13,787,271	4.65%	1,322
2011	3,852,676	-	123,827	6,042,324	206,000	5,974,057	16,198,884	4.63%	1,470
2012	3,309,868	-	101,283	5,435,132	167,228	5,448,587	14,462,098	4.26%	1,322
2013	2,866,703	2,550,000	77,679	4,646,977	127,291	7,338,680	17,607,330	4.83%	1,608
2014	7,079,903	-	52,966	3,739,769	722,136	12,703,928	24,298,702	NA	2,256
2015	6,459,646	-	27,091	2,812,931	548,214	16,154,620	26,002,502	NA	2,427

NA= not available

CITY OF ATCHISON, KANSAS

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING AND LEGAL DEBT MARGIN

LAST TEN FISCAL YEARS

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General bonded debt outstanding										
General obligation bonds, net	\$12,080,000	\$13,025,000	\$11,585,000	\$10,040,000	\$9,175,000	\$9,895,000	\$8,745,000	\$7,513,680	\$10,819,672	\$9,272,577
Total	\$12,080,000	\$13,025,000	\$11,585,000	\$10,040,000	\$9,175,000	\$9,895,000	\$8,745,000	\$7,513,680	\$10,819,672	\$9,272,577
Estimated actual property value	359,194,029	417,388,916	437,709,006	446,183,278	445,328,629	446,170,360	446,386,760	448,955,869	448,488,713	446,843,583
Percentage of estimated actual property value	3.36%	3.12%	2.65%	2.25%	2.06%	2.22%	1.96%	1.67%	2.41%	2.08%
Population	10,232	10,154	10,078	10,402	10,432	11,021	10,943	10,953	10,771	10,712
Per capita	\$1,180.61	\$1,282.75	\$1,149.53	\$965.20	\$879.51	\$897.83	\$799.14	\$685.99	\$1,004.52	\$865.63
Less: Amounts set aside to repay general debt	(255,842)	(404,553)	(244,629)	(159,454)	(229,922)	(324,889)	(259,902)	(306,372)	(374,451)	(198,143)
Total net debt applicable to debt limit	11,824,158	12,620,447	11,340,371	9,880,546	8,945,078	9,570,111	8,485,098	7,207,308	10,445,221	9,074,434
Legal debt limit	16,477,071	17,973,468	18,188,191	18,334,280	18,502,551	18,930,158	18,418,877	18,964,282	18,509,993	19,234,219
Legal debt margin	\$4,652,913	\$5,353,021	\$6,847,820	\$8,453,734	\$9,557,473	\$9,360,047	\$9,933,779	\$11,756,974	\$8,064,772	\$10,159,785
Legal debt margin as a percentage of debt limit	28.24%	29.78%	37.65%	46.11%	51.65%	49.45%	53.93%	62.00%	43.57%	52.82%

Debt limit is set at 30% of assessed valuation.

CITY OF ATCHISON, KANSAS

GOVERNMENTAL ACTIVITIES DIRECT AND OVERLAPPING DEBT

DECEMBER 31, 2015

Taxing Body	Debt		City's Share		Per Capita
	Amount	As of	Percent	Amount	
Estimated overlapping debt:					
Atchison County	\$ 4,739,579	12/31/15	65%	\$ 3,074,570	\$ 287
USD No. 409	19,935,000	12/31/15	84%	16,745,400	1,563
	<u>24,674,579</u>			<u>19,819,970</u>	<u>1,850</u>
Direct debt:					
City of Atchison	<u>6,486,737</u>	12/31/15	100%	<u>6,486,737</u>	<u>606</u>
Direct and estimated overlapping debt	<u>\$ 31,161,316</u>			<u>\$ 26,306,707</u>	<u>\$ 2,456</u>

Source: Atchison County Clerk

Information represents the share of the respective debt which are obligations of the citizens of Atchison.
Percentages are based upon population of the city or school district compared to the total county population.

CITY OF ATCHISON, KANSAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS

<u>Fiscal Year</u>	<u>City Population</u>	<u>County Total Personal Income (000's omitted)</u>	<u>County Per Capita Income</u>	<u>School Enrollment</u>	<u>Unemployment Rate (Atchison County)</u>
2006	10,232	\$ 455,125	\$ 26,927	2,215	4.70%
2007	10,154	476,194	28,237	2,225	4.60%
2008	10,078	501,972	29,844	2,193	4.60%
2009	10,402	481,898	28,405	2,154	9.20%
2010	10,432	480,769	28,498	2,234	9.90%
2011	11,021	534,580	31,843	2,207	9.00%
2012	10,943	525,851	31,262	2,198	7.70%
2013	10,953	557,004	33,256	2,180	8.50%
2014	10,771	570,536	34,551	2,147	6.50%
2015	10,712	NA	NA	2,183	5.20%

Population figures presented are for the city only. The Personal Income and Per Capita Income figures are for the entire county.

r: revised

NA: Not Available

Sources:

Population: U.S. Census Bureau

Total Personal Income: Bureau of Economic Analysis

Per Capita Income: Bureau of Economic Analysis

School Enrollment: Kansas State Department of Education

Unemployment Rate: Bureau of Labor Statistics

CITY OF ATCHISON, KANSAS

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

Employer	2015			2006		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Benedictine College	381	1	6.53%	294	5	4.36%
USD 409	333	2	5.71%	362	3	5.37%
Atchison Hospital	314	3	5.38%	385	2	5.71%
Bradken (formerly Atchison Casting)	256	4	4.39%	692	1	10.27%
Fargo Assembly	245	5	4.20%	160	8	2.37%
MGP Ingredients	209	6	3.58%	306	4	4.54%
Wal Mart	193	7	3.31%			
Atchison County	146	8	2.50%	185	7	2.74%
Blish-Mize	120	9	2.06%	130	9	1.93%
City of Atchison	107	10	1.83%	104	10	1.54%
Golden Star				288	6	4.27%
Total	2,304		39.49%	2,906		43.10%

Source: Community Development Department

CITY OF ATCHISON, KANSAS

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government										
City Manager	3	3	3	3	3	3	3	3	3	3
Finance	5.5	4.5	4.5	3.5	3.5	4.5	4.5	5	5	5
Municipal Court	1	1	1	1	1	1	1	1	1	1
Community Development (a)	2	3	3.5	3.5	3.5	4.5	4.5	4.5	4.5	3.5
Engineering	4	3	4	4	4	2	2	2	2	2
Atchison Event Center (b)	0	0	0	0	0	0	0	0	0	2.5
Public Safety										
Police	23	21	23	23	22	22	23	23	23	22.5
Animal Control	1	1	1	1	1	1	1	1	1	1.5
Fire	18	19	19.75	18.75	19.75	19.75	19.75	19.75	19.75	19.75
Public Works Admin	0	0	0	0	0	22	22	20.83	19.83	21.5
Public Works										
Street	9	11	11	11	9	0	0	0	0	0
Fleet Maintenance	2	2	2	2	2	0	0	0	0	0
Construction Engineering	1	1	1	0	0	0	0	0	0	0
Parks and Recreation										
Parks	6	7	7	7	6	0	0	0	0	0
Water/Wastewater	20.5	21.5	21.5	19.5	19.5	18.5	18.5	18.34	19.33	20.17
Refuse	6	6	6	6	6	6	6	6.83	6.83	4.83
Total	102	104	108.25	103.25	100.25	104.25	105.25	105.25	105.24	107.25

(a) Departments were restructured in 2011

(b) The operation of the Atchison Event Center was taken over by the City on 12/31/14.

CITY OF ATCHISON, KANSAS
OPERATING INDICATORS BY PROGRAM/FUNCTION
LAST TEN FISCAL YEARS

Program/Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police										
Dispatched calls	13,450	14,230	14,962	14,501	13,903	13,786	13,458	13,257	12,503	12,153
Criminal cases	1,428	1,527	1,847	1,806	1,680	1,773	1,796	1,505	1,599	1,615
Criminal cases cleared	868	951	1,192	1,242	1,182	1,161	1,206	1,031	1,066	1,092
Arrests	787	870	1,121	1,166	1,047	1,117	1,147	974	935	897
Serious crimes	445	421	535	519	412	401	530	384	377	378
Fire										
Emergency Responses	421	454	361	290	340	343	339	357	398	346
First Responder/Medical	562	553	586	556	570	603	635	784	864	725
Life Safety Inspections	675	666	657	657	657	657	657	656	667	667
Property Loss (thousands of \$)	\$ 2,791	\$ 338	\$ 355	\$ 355	N/A	N/A	N/A	N/A	N/A	N/A
Refuse collected (tons/year)										
Trash	3,273	3,562	3,742	3,608	3,293	3,207	3,188	3,079	2,846	2,734
Recycling	-	-	-	-	-	-	-	-	-	174
Construction/Demolition	333	270	-	-	-	-	-	-	-	-
Brush	143	22	-	106	232	136	128	72	-	-
Metal	28	62	42	-	-	-	-	-	-	-
Water										
New connections	31	18	12	16	18	8	5	8	8	1
Water main breaks	31	30	30	20	33	23	31	32	39	30
Replaced bad service lines	45	33	54	44	31	29	33	21	25	20
Average daily consumption (thousands of gallons)	3,658	4,039	4,003	3,753	4,097	3,879	4,054	4,055	3,608	3,044
Peak daily consumption (thousands of gallons)	5,026	5,059	4,954	5,287	5,482	6,037	6,414	5,152	5,196	3,344
Wastewater										
Average daily sewage treatment (thousands of gallons)	1,301	1,458	1,698	1,757	1,740	946	1,283	1,281	1,480	1,560

Refuse statistics source: Atchison County Transfer Station
2008 Construction/Demolition and Brush are included in Trash
2009-2012 Construction/Demolition and Metal are included in Trash
2014 Construction/Demolition, Brush and Metal are no longer tracked separately
2015 The City of Atchison began offering curbside recycling to all residents

CITY OF ATCHISON, KANSAS
CAPITAL ASSET STATISTICS BY PROGRAM/FUNCTION
LAST TEN FISCAL YEARS

Program/Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	10	10	10	10	10	10	10	10	10	10
Fire Stations	1	1	1	1	1	1	1	1	1	1
Refuse Collection										
Collection trucks	2	2	2	2	2	2	2	2	2	2
Other Public Works										
Streets (miles)	77	77	77	77	77	77	77	77	77	77
Highways (miles)	8	8	8	8	8	8	8	8	8	8
Traffic Signals	12	12	10	11	11	11	11	11	11	11
Parks and Recreation										
Acreage	332	332	332	332	332	332	332	332	332	332
Playgrounds	7	7	7	7	7	7	7	7	7	7
Baseball/Softball diamonds	6	6	6	6	6	5	5	5	5	5
Water										
Water mains (miles)	100	100	100	100	95	95	95	95	95	95
Fire hydrants	532	537	547	556	556	560	565	565	565	565
Storage capacity (000's gallons)	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	3,750	3,750
Wastewater										
Sanitary Sewers (miles)	20	20	20	20	20	20	20	20	20	20
Storm Sewer (combined, miles)	80	80	80	80	80	80	80	80	80	80
Treatment capacity (000's gallons)	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800
Treatment capacity (000's gallons)	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8,400

THE WATER SYSTEM

The following data, along with the financial information found elsewhere in this Comprehensive Annual Financial Report (the CAFR), is being provided in order to comply with certain provisions of Rule 15c2-12 of the Securities and Exchange Commission (the SEC Rule). In conjunction with the issuance of its outstanding water system bonds, the City has agreed to disseminate the CAFR to each Nationally Recognized Municipal Securities Information Repository and State Information Repository, if any, both as defined in the SEC Rule, within 180 days after the end of its Fiscal Year.

Description - The Water System

Number of Treatment Plants:	1
Year Plant Constructed	1949 - updated 2002
Daily Treatment Capacity:	8.0 million gallons
Treated Water Storage Capacity:	1.0 million gallons in clearwell 1.25 million gallons in 5 elevated tanks 2.0 million gallons in ground storage tank
Distribution Lines:	118 miles
Source of Water:	Missouri River
% of Water Sold Outside City:	9%

Ten Largest Users

<u>Company</u>	<u>Product or Service</u>	<u>Gallons Consumed</u>
MGP Ingredients, Inc.	Manufacturing	464,769,390
RWD #5	Water district	97,472,600
Bradken (Atchison Casting)	Manufacturing	32,434,926
RWD #6	Water district	22,904,284
Benedictine College	College	22,475,380
Bunge Milling, Inc.	Grain processing	12,357,850
RWD #1	Water District	12,151,260
Mount St. Scholastica	School	7,509,546
Atchison Public Schools	School district	5,283,498
Atchison Hospital	Hospital	4,192,398

Consumption and Usage - 2015

Total Gallons Consumed:	1,208,091,000 gallons
Peak Daily Production:	3,344,000 gallons

Number of Customers as of December 31, 2015

Number of Residential Meters:	3,639
Number of Commercial Meters:	473

Water Rate Structure

All Users
Minimum Monthly Charge (includes first 266 cubic feet of usage):

Meter Size	Outside City Limits Current Rates (effective 1/1/15)	Inside City Limits Current Rates (effective 1/1/15)
5/8" or less	\$ 44.01	\$ 29.34
3/4"	68.76	45.84
1"	112.73	75.15
1.5"	215.31	143.53
2"	291.27	194.18
3"	569.87	379.91
4"	949.79	633.19
6"	1,253.73	835.82
8"	1,456.36	970.90

Future Borrowing Plans

The City has borrowed \$3.8 from the State of Kansas SRF program in order to fund replacement of pre 1930 water mains (\$2.2 million) and replacement of the high service pump station (\$1.6 million). These projects were selected by KDHE for completion under the American Recovery and Reinvestment Act (ARRA). All criteria are met for ARRA and the loan principal has been reduced by 32% (loan forgiveness). The City has entered into additional loan agreements with the State Revolving Loan Fund for a total of \$14 million to fund additional water storage, replace a booster pump station and ozone treatment necessary to meet EPA requirements.

Future Rate Increases

Residential, commercial and industrial water rates were increased by 5% month effective with the January 2016 billing period. Rate increases ranging from 4% to 6% will be required in future years to fund ongoing operations and debt service for the projects mentioned above.



BERBERICH TRAHAN & CO., P.A.
Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Mayor and City Commission
City of Atchison, Kansas:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Atchison, Kansas (the City), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 16, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Berwick Trahan + Co., P.A.

Topeka, Kansas
June 16, 2016